

**BERKELEY COUNTY PUBLIC SERVICE
DISTRICT**

**Merger of Hedgesville Public Service District and
Opequon Public Service District into
Berkeley County Public Service District**

Date of Merger: July 1, 2002

**MERGER TRANSCRIPT
VOLUME 1 OF 2**

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

**Merger of Hedgesville Public Service District and
Opequon Public Service District into
Berkeley County Public Service District**

MERGER TRANSCRIPT

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Minute Book No. 15 County Court of Berkeley County, West Virginia

December 9, 1954

IN VACATION OF COURT

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

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

Teste:

Harold O. Keedy CLERK

December 10, 1954

Court Met Pursuant to Adjournment.

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

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

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

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

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

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

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

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

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

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

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

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

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

A TRUE COPY
ATTEST

Minute Book No. 15 County Court of Berkeley County, West Virginia

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

For a period of two years Stanley A. Caniford

For a period of four years D. M. Wageley

For a period of six years Gail W. Updike

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

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

G. C. Noll
President and County Commissioner

E. C. Alther
County Commissioner

W. F. Reid
County Commissioner

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

G. C. Noll PRES.

December 11, 1954

IN VACATION OF COURT

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

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

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

Teste:

Ronald O. Heedy CLERK

December 14, 1954

Court Met Pursuant to Adjournment.

Present: G. C. Noll, Pres.,
Ernest C. Alther, Commr.,
William F. Reid, Commr.

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

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

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

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

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

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

G. C. Noll PRES.

Minute Book No. 16 County Court of Berkeley County, West Virginia

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

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

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

William F. Reid PRES.

January 17, 1956

Court Met Pursuant to Adjournment.

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

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

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

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

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

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

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

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

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

William F. Reid PRES.

January 20th, 1956

Court Met Pursuant to Adjournment.

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

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

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

CERTIFICATE

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

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

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

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

ATTEST

John W. Small, Jr. Clerk

to said Clerk a true copy of the foregoing resolution.

Certified, a true copy

A. Lewis Lewis
Secretary, Berkeley County
Public Service Board

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

William F. Reid PRES.
January 23rd, 1956

IN VACATION OF COURT

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

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

Teste:

Harold O. Heady CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

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

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

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

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

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

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

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

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

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

William F. Reid PRES.
January 25th, 1956

Court Met Pursuant to Adjournment.

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

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

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

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

Teste:

Harold O. Heady CLERK
January 24th, 1956

Court Met Pursuant to Adjournment

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

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

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

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

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

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

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

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

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

William F. Reid PRES.

January 25th, 1956

Court Met Pursuant to Adjournment.

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

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

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

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

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

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

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

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

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

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

William F. Reid PRES.

January 20th, 1956

Court Met Pursuant to Adjournment.

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

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

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

CERTIFICATE

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

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

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

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

TRUE COPY
ATTEST

John W. Small, Jr. Clerk
Berkeley County Court

By *L. Foye*
Deputy Clerk

Said bond is hereby approved.

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

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

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

William F. Reid
 _____ PRES.
 July 10th, 1956

Court Met Pursuant to Adjournment.

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

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

 IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

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

IN THE
 COUNTY COURT
 OF

BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF
 BERKELEY COUNTY PUBLIC SERVICE DISTRICT

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

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

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

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

Minute Book No. 16 County Court of Berkeley County, West Virginia

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

Teste:
Harold O. Keedy
Clerk

William F. Reid
President County Court of Berkeley
County, W. Va.

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

William F. Reid PRES.
July 13th, 1956

Court Met Pursuant to Adjournment.

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

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

IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

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

William F. Reid PRES.
July 14th, 1956

IN VACATION OF COURT.

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

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

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

Teste:

Harold O. Keedy CLERK
July 17th, 1956

Court Met Pursuant to Adjournment.

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

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

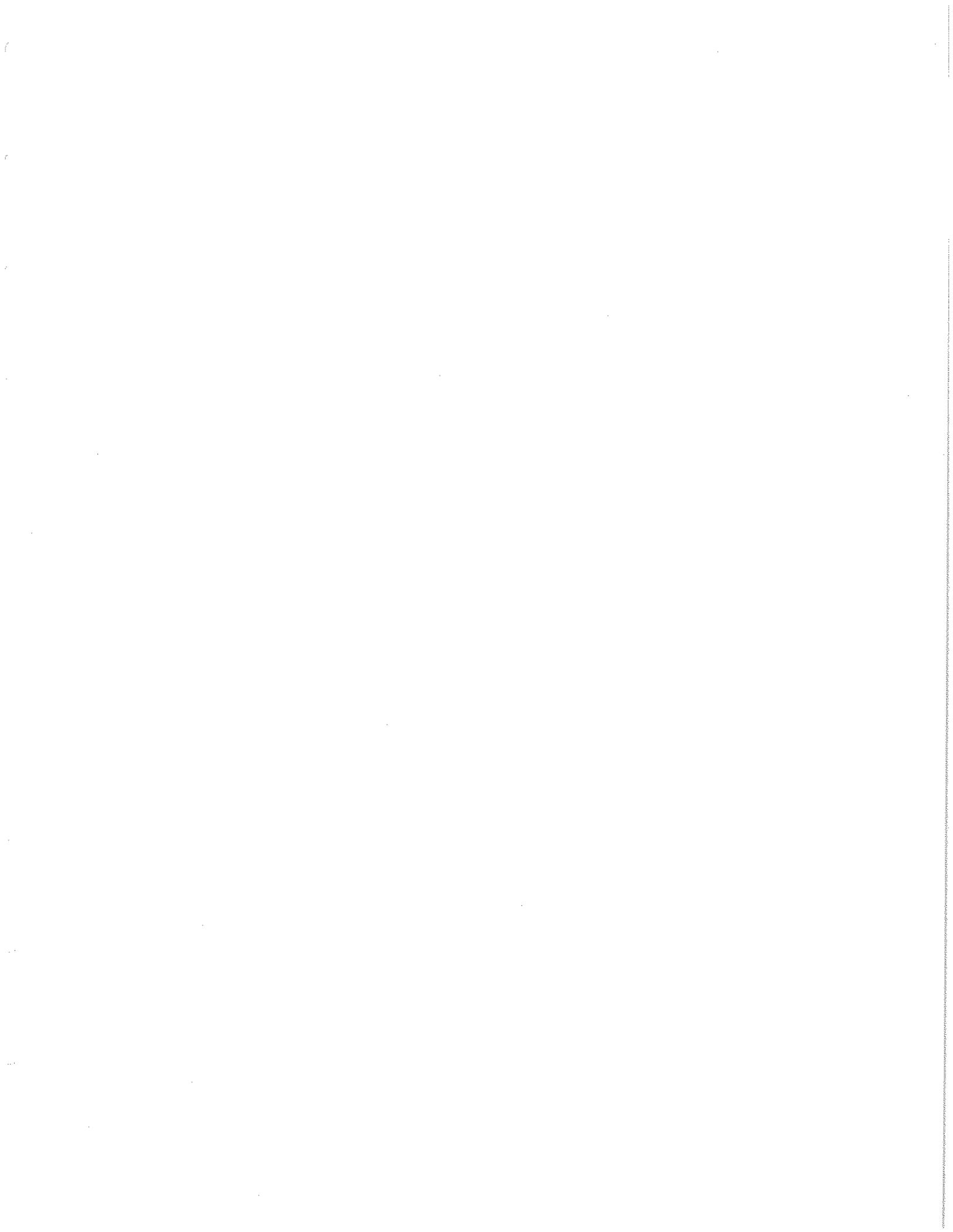
IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

IN RE: DELINQUENT REAL ESTATE FOR 1955.

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

Total State County Total State County Total All



Minute Book No. 20 County Court of Berkeley County, West Virginia

Court Minutes 7/24/73 cont'd

IN RE: COURT DISCUSSES NOV. 6 SPECIAL ELECTION

Mr. Dan Jones was in to see Court concerning the Special Election of Nov. 6, 1973. It is his understanding that the County Court orders supplies and will be reimbursed by the state. Commissioner Burkhardt suggested they see or write the State and get some type of guidelines for a special election.

IN RE: COURT APPROVED THE ESTABLISHMENT OF HEDGESVILLE PUBLIC SERVICE DISTRICT BY UNANIMOUS AGREEMENT

IN RE: HEDGESVILLE PUBLIC SERVICE DISTRICT
IN THE COUNTY COURT OF BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF A PUBLIC SERVICE DISTRICT UNDER THE PROVISIONS OF ARTICLE 13A, Chapter 16, OF THE CODE OF WEST VIRGINIA TO BE KNOWN AS HEDGESVILLE PUBLIC SERVICE DISTRICT

This matter came on again to be heard on this 24 day of July, 1973, upon the Petition of more than 100 legal voters resident within the Territory of the proposed district and owning real property therein, heretofore being filed with the Clerk of this Court on the 8 day of December, 1972; upon a date for hearing of the creation of such district being set not more than forty days or not less than twenty days from the filing of such petition; upon notice of hearing having been published in Martinsburg Journal, a newspaper of general circulation published in Berkeley County, West Virginia, on the 15th day of December, 1972, being at least ten days prior to the time set for said hearing upon the consent by proper resolution of the Town of Hedgesville to be a part of the Hedgesville Public Service District; upon the consent in writing of the Hedgesville Public Service District; upon the consent in writing of the Berkeley County Public Service District to release from its jurisdiction the area of Hedgesville Magisterial District hereinafter described; upon the appearance of Richard L. Douglas, Attorney for Petitioners, and upon the appearance of Boyd Butts, Arthur Blizzard, and divers other persons residing in or owning or having an interest in property in Hedgesville Magisterial District; upon no protest being made by any person present, and there not being filed any protest or petition in writing in opposition to the creation of such proposed public service district by any resident of the said district or by any other person or party; upon all prior orders and actions heretofore entered in this matter by this Court; and upon the due consideration of this Court as to all of the evidence before it and of its own consideration of the feasibility of the creation of such proposed public service district.

Upon the consideration of all which, it appearing to the Court that such proposed public service district is feasible, the Court does hereby determine and decree that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district, will be conducive to the preservation of public health, comfort and convenience of the said Hedgesville Magisterial District of Berkeley County, West Virginia.

It is therefore hereby ADJUDGED, ORDERED AND DECREED that there shall be, and it is hereby created, a public service district under the provisions of the Code of West Virginia to be known as Hedgesville Public Service District, to be a public corporation and a political subdivision of the State of West Virginia with powers of perpetual succession and such other powers granted by law, embracing and having such powers and jurisdiction under and in the manner provided by the said Article 13A, Chapter 16, of the Code of West Virginia as amended; embracing and having such powers and jurisdiction over all of the Territorial limits of Hedgesville Magisterial District of Berkeley County, West Virginia, except for the following three areas: First, that part of Hedgesville District which lies north of 39° 35' latitude lying between 78° 00' and 77° 55' longitude; Second, that part of Hedgesville District which lies east of U.S. Interstate Highway Number 61; Third, that part of Hedgesville District which lies south of 39° 30' latitude. Further, all powers of such public service district shall be vested in and serviced by a public service district consisting of three members who shall hereafter be appointed by this Court, and shall be persons residing within the limits of Hedgesville Magisterial District, which said three members shall become members of and constitute the said public service board of the said Hedgesville Public Service District without any further act or proceeding.

/s/ Edmond S. Williams
/s/ Robert L. Burkhardt
/s/ John Evans Wright

IN RE: CIVIL DEFENSE HAS WORKSHOP

Berkeley County Emergency Services will have a workshop exercise Thursday, August 16 at 7 p.m.

IN RE: APPLICATION OF KATHLEEN M. TABB AS NOTARY PUBLIC

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

A TRUE COPY
ATTEST

IN RE: LETTER GIVEN JACK BUTTS CONCERNING OFFICE SPACE

Eastern Panhandle Regional Planning
Development Council Region #9
108 W. Burke St.
Martinsburg, W. Va. 25401

July 24, 1973

John W. Small, Jr., Cle
Berkeley County CourtBy *Phyllis C. Wood*
Deputy Clerk

ATTENTION: Mr. Jack Butts, Executive Director

STATE OF WEST VIRGINIA, }
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley County,
a Court of record in and for said County and State, do certify that the foregoing is a true, ac-
curate and complete copy of the creation of the Opequon Public Service District

as the same appears of record in the Office of the said Clerk of the County Court in Minute
Book No. 16, Page 457.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office,
in said County, this 23rd day of May, 1997.

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

Minute Book No. 16 County Court of Berkeley County, West Virginia

IN RE: SALARY FOR NEW DEPUTY ASSESSORS

This day John R. Crowl, Assessor, appeared in Open Court and presented his list of salaries for the new deputies appointed by him as follows:

- Frederick R. Snapp, \$150.00 per month
- Robert B. Fleming, \$150.00 per month
- John M. Wyndham, Jr. \$200.00 per month

Said salaries as listed above are hereby approved.

Ordered that Court adjourn to meet Friday, January 20, 1961, at 10:30 o'clock A.M.

E. C. Alther

PRES.

January 19, 1961

IH Vacation of Court

IN RE: QUALIFICATION OF HOWARD W. COLLINS AS NOTARY PUBLIC

This day personally appeared in this office in Vacation of Court, Howard W. Collins, who had heretofore been commissioned a Notary Public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of \$500.00, with Edgar G. Clark, as his surety.

Tests:

Edmond S. Williams

CLERK

January 26, 1961

Court Met Pursuant to Adjournment.

Present: Ernest C. Alther, Pres.,
William F. Reid, Commr.,
Edmond S. Williams, Commr.

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

IN RE: OPEQUON PUBLIC SERVICE DISTRICT

IN THE COUNTY COURT OF BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF A PUBLIC SERVICE DISTRICT UNDER THE PROVISIONS OF ARTICLE 13A, CHAPTER XVI, OF THE CODE OF WEST VIRGINIA, TO BE KNOWN AS OPEQUON PUBLIC SERVICE DISTRICT

This matter came on again to be heard at 10:30 A. M., on this the 20th day of January, 1961; upon the petition of more than one hundred legal voters resident within the territory of the proposed district theretofore being filed with the County Court Clerk of Berkeley County, West Virginia, on the 30th day of December, 1960; upon a date for hearing on the creation of such district being set not more than forty days or not less than twenty days from the filing of such petition; upon notice of hearing having been published in The Martinsburg Journal, a newspaper of general circulation published in Berkeley County, West Virginia, on the 6th day of January, 1961, being at least 10 days prior to the time set for said hearing on this date; upon the appearance of Luke E. Terry, Attorney for the petitioners, and the appearance of William H. Dean, Sanitarian of the Berkeley County Public Health Department; upon the appearance of John Myrick, R. E. Lutz, Billy Lopp, and divers other persons residing in or owning or having an interest in property in Opequon Magisterial District; upon no protest being made by any person present and there not being filed any protest or petition in writing in opposition to the creation of such proposed public service district by any resident of the said district or by any other person or party; upon all prior orders and actions heretofore entered in this matter by this court; and upon the due consideration of this court as to all of the evidence before it and of its own consideration of the feasibility of the creation of such proposed public service district.

Upon consideration of all which, it appearing to the Court that such proposed public service district is feasible, the court does hereby determine and decree that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of the said Opequon Magisterial District of Berkeley County, West Virginia.

IT IS THEREFORE, HEREBY ADJUDGED, ORDERED AND DECREED, that there shall be, and there is, hereby created a public service district under the provisions of Article 13A, Chapter XVI, of the Code of West Virginia, to be known as OPEQUON PUBLIC SERVICE DISTRICT, to be a public corporation and a political subdivision of the State of West Virginia, with powers of perpetual succession and such other powers granted by law, embracing and having such powers and jurisdiction under and in the manner provided by said Article 13A, as amended, embracing and having such powers and jurisdiction over the territorial limits of Opequon Magisterial District of Berkeley County, West Virginia, and all powers of such public service district shall be vested in and exercised by a public service board consisting of Three (3) members who shall hereafter be appointed by this Court, and who shall be persons residing

Minute Book No. 16 County Court of Berkeley County, West Virginia

within the limits of Opequon Magisterial District, which said three (3) members shall become members of and constitute the said public service board of said Opequon Public Service District without any further act or proceedings.

 IN RE: COST OF FEEDING JAIL PRISONERS

Upon advice by Simpson S. Hamrick, Justice of the Peace Auditor, the cost of feeding prisoners while confined in the County Jail, is hereby increased from \$1.50 to \$2.00 per day, said increase to become effective on the 1st day of February, 1961.

It is further ordered that a copy of this record be mailed to all Justice of the Peace in Berkeley County, who shall govern themselves accordingly.

 Ordered that Court adjourn to meet Tuesday, January 24, 1961, at 10:30 A. M.

E. C. Alther

PRES.

January 24, 1961

Court Met Pursuant to Adjournment.

Present: Ernest C. Alther, Pres.,
 William F. Reid, Commr.,
 Edmond S. Williams, Commr.

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

 IN RE: APPLICATION OF EUGENIA L. WACHTEL
 AS NOTARY PUBLIC

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

 IN RE: REAL ESTATE OF DORIS ANNE WILSON

This day appeared in Open Court, Doris W. Small and requested that certain real estate assessed in the name of Doris Anne Wilson, known and described as 1 Acre "Little Georgetown" in Hedgesville District, be assessed on the Land Books of Berkeley County, in the name of Doris W. Small.

And it appearing to the Court that the said Doris W. Small acquired title to said real estate herein described under the name of Doris Anne Wilson, and that she subsequently became the wife of John A. Small, on the 10th day of September, 1960, and that no other person is entitled to any interest in said real estate, it is hereby

ORDERED, That said land, as above set forth, be assessed in the name of Doris W. Small.

It is further ordered that a copy of this record be certified to John R. Crowl, Assessor of Berkeley County.

 IN RE: REAL ESTATE OF EDNA C. PINGLEY

This day appeared in Open Court, Edna C. Palmer, and requested that certain real estate assessed in the name of Edna C. Pingley, known and described as "108 Acres Base N. Mtn" in Hedgesville District, be assessed on the Land Books of Berkeley County, in the name of Edna C. Palmer.

And it appearing to the Court that the said Edna C. Palmer acquired title to said real estate herein described under the name of Edna C. Pingley, and that she subsequently became the wife of Silas D. Palmer, on the 3rd day of March, 1955, and that no other person is entitled to any interest in said real estate, it is hereby

ORDERED, That said land, as above set forth, be assessed in the name of Edna C. Palmer.

It is further ordered that a copy of this record be certified to John R. Crowl, Assessor of Berkeley County.

 Ordered that Court adjourn to meet Friday, January 27, 1961, at 10:30 o'clock A. M.

E. C. Alther

PRES.

**BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY
WEST VIRGINIA**

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

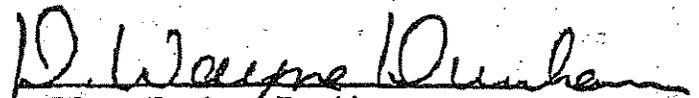
The Commission, having considered the opinions and views stated by those who spoke in favor of and against such proposed merger/consolidation, finds that a merger of the three districts will be conducive to the preservation of the public health, comfort and convenience of the people of Berkeley County.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

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

shall be accomplished in an orderly and business-like manner; that the boards of the three subject districts shall continue to operate until a new, single board is appointed by this Commission; and, that this Commission shall direct and manage the merger through a series of orders until the same is fully realized and operational.

It is further ORDERED that this decision and ORDER shall be forwarded to the Chairperson of the West Virginia Public Service Commission for review and action and that the Public Service Commission be requested to provide technical and other assistance to Berkeley County in the implementation of the merger.

Done Amended this 30th day of November 2000.


D. Wayne Dunham, President

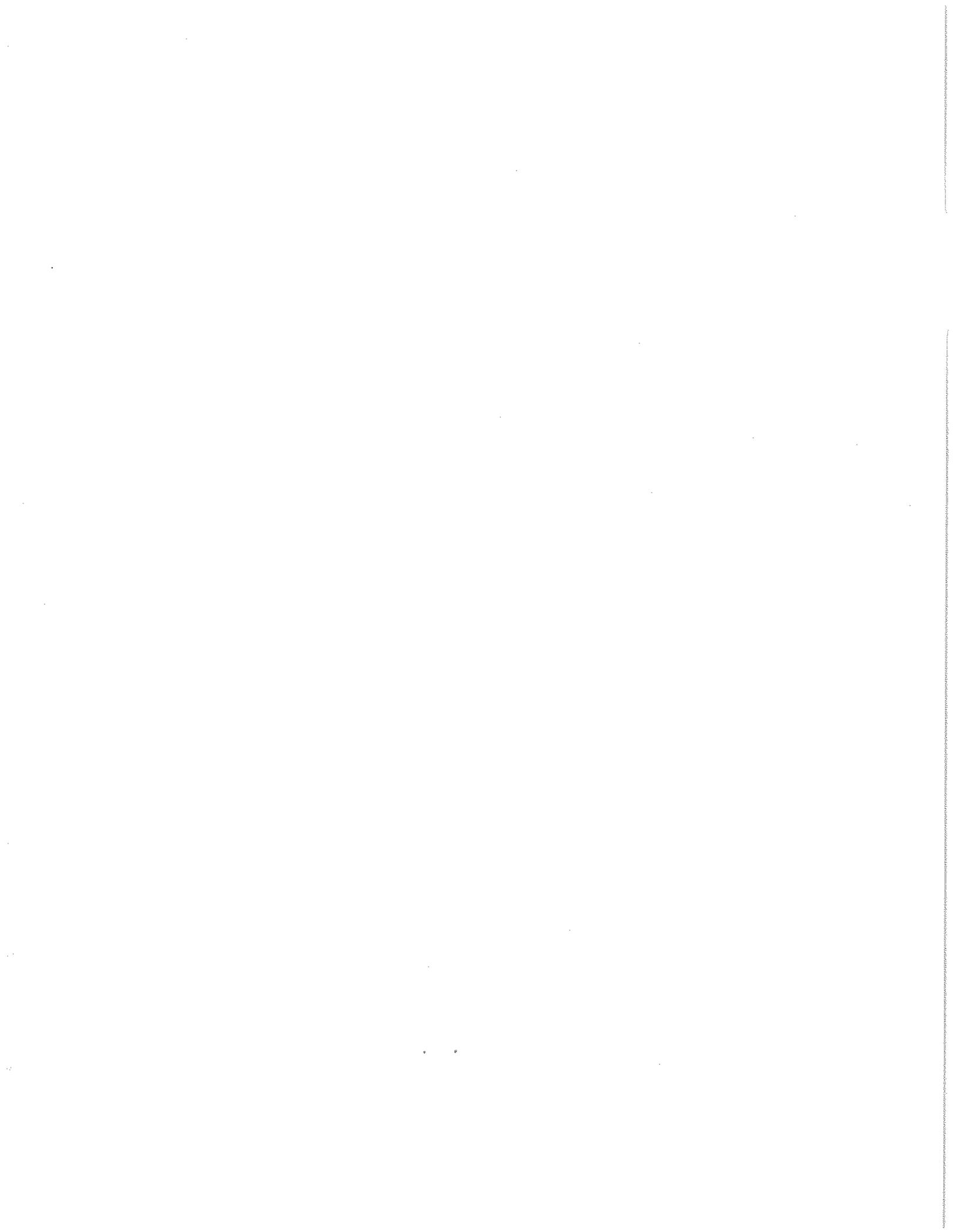

Robert L. Burkhart, Commissioner


John E. Wright, Commissioner

ATTEST:


John W. Small, Clerk
County Commission of
Berkeley County

(SEAL)



ON FILE WITH THE COUNTY COMMISSION OF BERKELEY COUNTY

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY
WEST VIRGINIA

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

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

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

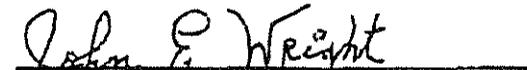
business-like manner; that the boards of the three subject districts shall continue to operate until a new, single board is appointed by this Commission; and, that this Commission shall direct and manage the merger through a series of orders until the same is fully realized and operational.

It is further ORDERED that this decision and ORDER shall be forwarded to the Chairperson of the West Virginia Public Service Commission for review and action and that the Public Service Commission be requested to provide technical and other assistance to Berkeley County in the implementation of the merger.

Done this 1st day of June, 2000.


D. Wayne Dunham, President


Robert L. Burkhart, Commissioner


John E. Wright, Commissioner

ATTEST:


John W. Small, Clerk
County Commission of
Berkeley County

(SEAL)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 28th day of December, 2000.

CASE NO. 00-0893-PWD-PC

BERKELEY COUNTY COMMISSION

Petition for consent and approval to merge¹ Berkeley County Public Service District, Hedgesville Public Service District and Opequon Public Service District.

COMMISSION ORDER

By order entered June 1, 2000, the County Commission of Berkeley County, West Virginia, decided to merge Hedgesville Public Service District (Hedgesville) and Opequon Public Service District (Opequon) into the Berkeley County Public Service District, effective January 1, 2001, for the provision of water service. Petition p. 1. On June 5, 2000, the Berkeley County Commission petitioned the Public Service Commission for its approval of the merger, as required by W. Va. Code § 16-13A-2. Id.

The Commission conducted a public hearing, as required by the statute, in Martinsburg on November 2, 2000, at which there was unanimous support for the merger. As is set forth more fully below, the Commission grants its consent to the merger of Hedgesville and Opequon Public Service Districts into Berkeley County Public Service District for the provision of water service.

Berkeley County already has a county-wide utility for the provision of sewer service, known as the Berkeley County Public Service Sewer District. To avoid confusion, and to be consistent, the Commission determines that the merged water utility shall be known as the Berkeley County Public Service Water District.

¹ At the November 2nd public hearing, the Commission granted Berkeley County Public Service District's motion to change the case caption to reflect that the Hedgesville and Opequon districts are being merged into the Berkeley County Public Service District. The three utilities are not being consolidated into a new entity.

BACKGROUND

In filing for the Commission's approval, the Berkeley County Commission gave the following reasons:

... merger of the three districts will be conducive to the preservation of the public health, comfort and convenience, ... will permit a more efficient and effective method of planning for and implementing the provision of water service to the public; will result in a greater ability to compete for the resources necessary to the implementation of water service to the public; will permit greater efficiencies and cost effective service to the citizens of Berkeley County; and, will ultimately result in a fairer rate structure for the people of this county.

Berkeley Co. Comm'n Order p. 1 (filed June 5, 2000). The County Commission ordered that the merger be effective on January 1, 2001, and that all details of the new entity be in place by June 30, 2001. Id. The boards of the three districts would continue to operate until a new, single board is appointed. Id. p. 2. The County Commission would direct and manage the merger through a series of orders until the merger was fully realized and operational. Id.

On July 17, 2000, Commission Staff recommended that the merger be approved, subject to several conditions. Initial & Final Joint Staff Memorandum p. 1. Technical Staff recommended that the cash assets of the three districts, other than restricted bond reserve, be placed in an interest bearing account for repairs, replacements and extensions for each of the respective districts. Initial & Final Internal Memo p. 2, attached to Initial & Final Joint Staff Memorandum. Further, Technical Staff recommended that the merged utility adopt the separate tariffs of the three districts and continue to charge customers pursuant to the separate tariffs. Id. The merged utility should be required to maintain a separate financial and statistical account of the operation of each of the three districts. Staff said. Id. After all financial obligations of the three districts are met, any surplus cash should be deposited into the restricted cash account previously recommended. Id. And, Technical Staff recommended that the merged district file a rate case after eighteen months of consolidated operations so that a rate structure for the merged operations could be determined. Id.

In addition, Staff recommended that the Berkeley County Commission's June 1, 2000, order be modified in two respects. Initial & Final Joint Staff Memorandum p. 1. First, "water" should be part of the merged district's name: The County Commission order simply merged Opequon and Hedgesville into Berkeley County Public Service District without changing the name. Id. Second, the merged district's area should be described to "include all of the area of Berkeley County, West Virginia, which is not currently contained within the boundaries of any municipal or private public utility, for the provision of water service,"

instead of "to the people of Berkeley County." Id.

On August 30, 2000, Staff advised all details should be in place before there is an effective date for the merger, which is opposite what the County Commission proposed. Further Final Internal Memorandum p. 1, attached to Further Joint Staff Memorandum. Thus, Staff recommended that the County Commission's order be further revised to reflect a July 1, 2001, effective date, with January 1, 2001, being the date for all details to be in place. Id. Staff noted that an effective date of January 1, 2001, would occur in the middle of the districts' fiscal years, which would result in additional accounting expenses. Id. The effective date of the merger should coincide with the end of the fiscal year, Technical Staff said. Id.

On November 1, 2000, Staff updated the Commission on its assistance efforts regarding the merger. Internal Joint Staff Memorandum p. 1, attached to Further Joint Staff Memorandum. Staff advised that it had requested extensive financial information from each district, and much of that information had been received. Id. Staff estimated that its final report to the County Commission would likely be submitted by January 31, 2001. Id.

Further, Staff reversed its recommendation regarding the merger's effective date. Id. Staff recommended that the effective date be January 1, 2001, with the three districts remaining operationally separate until July 1, 2001. Id. This would create a six-month transition period. Id.

On December 5, 2000, Berkeley County Public Service District filed a letter from bond counsel relating to bond requirements in connection with the merger. Ltr. p. 1 & attachment. The letter also recited, "The BCPSPD [Berkeley County Public Service District] clearly supports this merger." Id. p. 2.

Also on December 5, 2000, Commission Staff moved the Commission to accept a post-hearing exhibit, a copy of Berkeley County Public Service District's 1994 Series Bond Resolution. Motion p. 1. After reviewing that document, Staff said that no bond holder approval was required for the proposed merger. Id.

On December 11, 2000, the County Commission advised that it had amended its order on November 30, 2000.² Ltr. p. 1 & attached memo. The County Commission changed the effective date of the merger to July 1, from January 1, as well as inserted the phrase "or as

² The County Commission's letter recited that twelve (12) copies of the amended order were attached, but the amended order was NOT filed with the Commission at that time. The Commission received a copy of the amended order by facsimile on December 26, 2000.

soon thereafter as possible."

DISCUSSION

The Commission grants Staff's motion to file the post-hearing exhibit. The exhibit shall be considered with the letter filed by Berkeley County Public Service District relating to bond holder requirements.

This case arises pursuant to W. Va. Code § 16-13A-2, which provides in pertinent part as follows:

(f) . . . [W]ithin ten days after the entry of an order . . . merging . . . a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interest of the public to do so.

The Commission concludes that it is in the best interest of the public to merge Hedgesville and Opequon into the Berkeley County Public Service District consistent with the Berkeley County Commission's order. These districts serve an area of burgeoning growth and the customers will benefit from a merger of personnel and customer base. Eventually, a single rate structure in the county may provide economies of scale and assist in economic development.

The Commission modifies the County Commission's order to provide that the resulting merged district shall be known as the Berkeley County Public Service Water District. The merged district shall include all of Berkeley County which is not currently contained within the boundaries of any municipal or private water utility. The Commission will permit the merged utility to continue the separate tariffs of the three districts and to charge customers pursuant to those tariffs. Those rates shall remain in effect until further Commission proceeding and order.

The Commission finds that it is in the public interest for this merger to be concluded as soon as possible. Therefore, the Commission directs that the merger be completed and effective on or before July 1, 2001. Staff, the district and the County Commission shall continue to work out all remaining details and shall file joint progress reports with the Executive Secretary's office.

The Commission also requires an opinion from AMBAC, the insurer of Berkeley County Public Service District's publicly held bonds, as to any requirements needed for the merger.

The Commission reviewed the bond document and finds no provision requiring bondholder approval for the merger of two existing districts into Berkeley County Public Service District. The bond document refers to the sale of the system, providing, in relevant part, "the System may be sold, mortgaged, leased or otherwise disposed of only as a whole[.]" See Bond Resolution for Berkeley County Public Service District Water Revenue Bonds, Series 1994, Section 6.06, p. 36. This merger is not a sale or other disposition of the system as contemplated by the bond document. Obviously, the bond document is to preserve the underlying assets of the system for the protection of the bondholders. This merger leaves Berkeley County Public Service District as the surviving entity and does not change any rates, so the current sufficient bond coverage of each of the districts remains unaffected. See Transcript p. 32 (Nov. 2 hearing) (Wagner).

This case shall be removed from the Commission's docket of active cases. The filing of the monthly progress reports shall not trigger a reopening of this case.

FINDINGS OF FACT

1. By order entered June 1, 2000, the Berkeley County Commission decided to merge Hedgesville and Opequon Public Service Districts into the Berkeley County Public Service District for the provision of water service. Petition p. 1.
2. On June 5, 2000, the County Commission petitioned the Public Service Commission for its approval of the merger, as required by W. Va. Code § 16-13A-2. Id.
3. The Commission conducted a public hearing in Martinsburg on November 2, 2000, at which there was unanimous support for the merger.
4. Berkeley County already has a county-wide utility for the provision of sewer service, known as the Berkeley County Public Service Sewer District.
5. The merger of the three districts will be conducive to the preservation of the public health, comfort and convenience: will permit a more efficient and effective method of planning for and implementing the provision of water service to the public; will result in a greater ability to compete for the resources necessary for the implementation of water service to the public; will permit greater efficiencies and cost effective service to Berkeley County citizens; and, will ultimately result in a fairer rate structure for Berkeley County citizens.
6. On July 17, 2000, Commission Staff recommended that the merger be approved, subject to several conditions. Initial & Final Joint Staff Memorandum p. 1. In addition, Staff recommended that the Berkeley County Commission's June 1, 2000, order

be modified in a couple of respects. Initial & Final Joint Staff Memorandum p. 1.

7. On August 30, 2000, Staff recommended that the County Commission's order be further revised to reflect a July 1, 2001, effective date, because an effective date of January 1, 2001, would occur in the middle of the districts' fiscal years, which would result in additional accounting expenses. Further Final Internal Memorandum p. 1, attached to Further Joint Staff Memorandum.

8. On November 1, 2000, Staff updated the Commission on its assistance efforts regarding the merger. Internal Joint Staff Memorandum p. 1, attached to Further Joint Staff Memorandum.

9. On December 5, 2000, Berkeley County Public Service District filed a letter from bond counsel relating to bond requirements in connection with the merger. Ltr. p. 1 & attachment. The letter also recited, "The BCPSD [Berkeley County Public Service District] clearly supports this merger." Id. p. 2.

10. Also on December 5, 2000, Commission Staff moved the Commission to accept a post-hearing exhibit, a copy of Berkeley County Public Service District's 1994 Series Bond Resolution. Motion p. 1. After reviewing that document, Staff said that no bond holder approval was required for the proposed merger. Id.

11. On December 11, 2000, the County Commission advised that it had amended its order on November 30, 2000, to change the effective date of the merger to July 1, from January 1, and to insert the phrase "or as soon thereafter as possible." Ltr p. 1 & attached memo.

CONCLUSIONS OF LAW

1. Staff's motion to file the post-hearing exhibit should be granted.
2. Berkeley County already has a county-wide utility for the provision of sewer service, known as the Berkeley County Public Service Sewer District. To avoid confusion, and to be consistent in naming, "water" should be added to the name of the Berkeley County Public Service District. Thus, the merged water utility shall be known as the Berkeley County Public Service Water District.
3. Pursuant to W. Va. Code § 16-13A-2(f), the Commission concludes that it is in the best interest of the public to merge these districts, as the Berkeley County Commission has requested. These districts serve an area of burgeoning growth. It makes sense to merge the utility personnel and customer base to achieve economies of scale.

4. The Commission agrees with Staff that the authority of the merged district shall include all of Berkeley County which is not currently contained within the boundaries of any municipal or private water utility.

5. The Commission will permit the merged utility to continue the separate tariffs of the three districts and to charge customers pursuant to those tariffs. Said rates will remain in effect until further Commission proceeding and order.

6. It is in the public interest for this merger to be concluded as soon as possible. Therefore, the Commission directs that the merger be completed and effective on or before July 1, 2001. Staff, the district and the County Commission shall continue to work out all remaining details and shall file joint progress reports with the Executive Secretary's office.

7. The Commission shall require that an opinion be obtained from AMBAC, the insurer of Berkeley County Public Service District's publicly held bonds.

8. The Commission finds after a review of the bond document that bondholder approval is not required on the Berkeley County bonds because the record indicates that the rates of the three districts are sufficient to provide bond coverage; the merger of the three districts will not change rates; and no utility assets will be sold as a result of this transaction. See Transcript p. 32 (Nov. 2 hearing) (Wagner).

ORDER

IT IS THEREFORE ORDERED that Berkeley County's action to merge Opequon and Hedgesville Public Service Districts into the Berkeley County Public Service District for the provision of water service is approved as modified herein. The Commission's approval will permit the merged utility to continue the separate tariffs of the three districts and to charge customers pursuant to those tariffs. Said rates shall remain in effect until further Commission proceeding and order.

IT IS FURTHER ORDERED that the merger be completed and effective on or before July 1, 2001.

IT IS FURTHER ORDERED that the merged district shall be known as the Berkeley County Public Service Water District.

IT IS FURTHER ORDERED that Staff, the district and the County Commission shall continue to work out all remaining details and shall file joint progress reports with the Executive Secretary's office.

IT IS FURTHER ORDERED that an opinion be obtained from AMBAC, the insurer of Berkeley County Public Service District's publicly held bonds.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

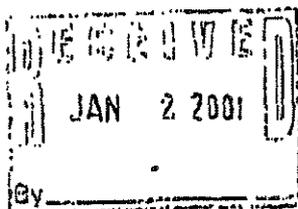
IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy. Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
CLW/lfg
000893ca.wpd



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 26th day of April, 2001.

CASE NO. 00-0893-PWD-PC

BERKELEY COUNTY COMMISSION

Petition for consent and approval to merge Berkeley County Public Service District, Hedgesville Public Service District and Opequon Public Service District

COMMISSION ORDER

The Public Service Commission (PSC) has approved the Berkeley County Commission's plan to merge Hedgesville and Opequon Public Service Districts into Berkeley County Public Service District for the provision of water service. The surviving entity will be known as the Berkeley County Public Service Water District.

The Berkeley County Public Service District petitioned the PSC to reconsider part of its decision. This order clarifies that the PSC's approval of the merger is one step of the process.

BACKGROUND

On December 28, 2000, pursuant to W. Va. Code § 16-13A-2(f), the PSC approved an order adopted by the Berkeley County Commission to merge the public service districts that provide water utility service in Berkeley County. The PSC concluded that it was in the public interest for this merger to be concluded as soon as possible and directed that the merger be completed and effective on or before July 1, 2001. Comm'n Order p. 4. To monitor progress, the PSC required joint progress reports to be filed. Id. Further, the PSC required that an opinion be obtained from AMBAC, the insurer of the Berkeley Co. PSD's publicly held bonds, even though the PSC concluded, based upon its review of the bond document, that bondholder approval was not required on the Berkeley County bonds. Id. PSC Staff was directed to continue assisting in the merger tasks. Id.

On February 5, 2001, the Berkeley Co. PSD moved the PSC to reconsider its order, stating that the PSC had not sufficiently allowed time for the bondholders' consent to the merger plan to be obtained. Berkeley Co. PSD's Motion to Reconsider pp. 1-5. The PSC's

order would permit the merger to occur, regardless of whether bondholder consent had been obtained, the Berkeley Co. PSD argued. Id. p. 5. Further, without bondholder consent, the merged entity would be defectively formed, the result of which could be to cloud the utility's ability to enter into contracts or obtain loans or grants. Id.

"These consequences can be easily avoided by simply obtaining the requisite consents," the Berkeley Co. PSD said. Id. "None of the stated requirements for consent are unduly burdensome, and there is no reason to believe any of them cannot be satisfied. These consents should easily be obtainable before July 1, 2001, if work is started soon." Id. pp. 5-6.

On February 23, 2001,¹ the Berkeley County Commission objected to the Berkeley Co. PSD's motion. Objection to Motion for Reconsideration pp. 1-2. The Berkeley Co. PSD's motion ignores the Berkeley County Commission's November 30, 2000, order, which accommodates the need of all bondholders, the County Commission argued. Id. p. 1. The Berkeley County Commission has repeatedly assured all parties that it will not effectuate the merger until the appropriate consents have been received. Id. (emphasis in original). An amendment to the PSC's approval is unnecessary. Id. "If, for any reason, such consents are not in place by July 1, 2001, the County Commission will not make the merger effective until such consents are received, assuming consent is not unreasonably withheld." Id. p. 2.

On March 6, 2001, the Berkeley Co. PSD responded, arguing that the County Commission's November 30, 2000, order was not sufficient assurance for the bondholders. Berkeley Co. PSD's Response pp. 1-3. That order only stated that the merger would be effective on July 1, 2001, or as soon thereafter as possible. Id. p. 1. The order did not recognize and condition the merger upon bondholder consent. Id. The Berkeley County Commission's assurance needs to be reduced to writing, the Berkeley Co. PSD argued. Id. Further, the County Commission has conditioned its position upon bondholder consent not being unreasonably withheld. Id. p. 2. The Berkeley County Commission will, in its sole opinion, determine whether bondholder consent is being unreasonably withheld, and this creates a serious impediment and threat. Id. The Berkeley Co. PSD is not trying to delay the merger. Id. p. 2. "The Berkeley County Public Service District supports the proposed merger and is working diligently with the BCC, the Hedgesville Public Service District, and the Opequon Public Service District to identify the requirements for consent of the bondholders and supply them with the information necessary to grant their consent." Id.

¹ The County Commission's objection was received by the PSC's Legal Staff on February 23, 2001. When it was determined that the objection was not contained in the case file maintained by the PSC's Executive Secretary, the PSC's Legal Staff, as a courtesy, provided a copy for the Executive Secretary's file on April 5, 2001.

DISCUSSION

The merger of public service districts can be complicated, and the PSC's order reflects this. The process starts with the deliberations of the local county commission. When a county commission has concluded that its public service districts should be merged, the county commission must file its order with the PSC, for the PSC's review. If the PSC agrees that the public service districts should be merged, the county commission is authorized to take the necessary steps to effectuate the merger.

Bonds may add another layer to this process. Many public service districts have issued bonds, and, a common provision in a bond agreement is that bondholder approval is required before significant changes may be made to the utility's structure or operations. In this particular case, the PSC has reviewed the bond agreement of the Berkeley Co. PSD and concluded that bondholder approval is not needed because no sale of the Berkeley Co. PSD system will occur. Comm'n Order p. 5. Further, PSC Staff's analysis shows that the rates of the three districts are sufficient to provide bond coverage, and the merger of the three districts will not change rates. Id., citing Transcript p. 32 (Nov. 2 hearing) (Wagner). However, the PSC recognized in its order that a difference of opinion may exist as to the necessity of bondholder approval. Therefore, the PSC required that the bondholder's opinion be obtained. Id.

It seems that the Berkeley Co. PSD is concerned that the PSC's order may permit the merger to take effect, prior to bondholder approval being obtained, if that approval is necessary. The PSC's order does not do this. Given the complicated nature of this proceeding, the PSC shall clarify its order. The PSC's approval of the merger is only one step of the process.

The PSC's order requires that bondholder approval, if it is needed, be obtained as quickly as possible. The Berkeley Co. PSD advises that it is reasonable to expect that bondholder approval could be obtained by July 1, 2001, the target date set in the PSC's order, and we agree. The PSC set July 1, 2001, as the target date because this proposed merger is in the public interest. The public's interest is not served by unnecessary delay. The PSC expects all parties to work diligently to obtain bondholder approval prior to July 1, if such approval is necessary. If unexpected problems crop up, the Commission should be promptly advised.

Pursuant to W. Va. Code § 16-13A-2(f)², the PSC can modify a county commission

² W. Va. Code § 16-13A-2 provides in pertinent part as follows:

order. By placing a target date on the merger, the PSC has effectively modified the Berkeley County Commission order, which is what the Berkeley Co. PSD asks to be done in these reconsideration pleadings.

Although the Berkeley Co. PSD seems not reassured, the PSC is confident that the assertion made in the Berkeley County Commission's pleading, that it would not effectuate the merger until necessary bondholder approvals were obtained, may be relied upon. Therefore, the PSC encourages energies to be focused on obtaining the bondholder approvals, if they are required, and other necessary tasks, instead of on perfecting the written form of the County Commission's position. The PSC Staff shall continue to assist in working out the remaining details for this merger.

FINDINGS OF FACT

1. On December 28, 2000, pursuant to W. Va. Code § 16-13A-2(f), the PSC concluded that it was in the public interest for the proposed merger to be concluded as soon as possible and directed that the merger be completed and effective on or before July 1, 2001. Comm'n Order p. 4.

2. The PSC also required that an opinion be obtained from AMBAC, the insurer of the Berkeley Co. PSD's publicly held bonds, even though the PSC concluded, based upon its review of the bond document, that bondholder approval was not required on the Berkeley Co. PSD bonds. Id.

3. On February 5, 2001, the Berkeley Co. PSD moved the PSC to reconsider its order, stating that the PSC had not sufficiently allowed time for the bondholders' consent to the merger plan to be obtained prior to the merger being effectuated. Berkeley Co. PSD's Motion to Reconsider pp. 1-5.

4. On February 23, 2001, the Berkeley County Commission objected to the Berkeley Co. PSD's motion, stating that it had repeatedly assured all parties that it would not effectuate the merger until the appropriate consents have been received. Objection to Motion for Reconsideration pp. 1-2 (emphasis in original).

(f) . . . [W]ithin ten days after the entry of an order . . . consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interest of the public to do so.

5. On March 6, 2001, the Berkeley Co. PSD responded, arguing that the County Commission's November 30, 2000, order was not sufficient assurance for the bondholders. Berkeley Co. PSD's Response pp. 1-3.

CONCLUSIONS OF LAW

1. Given the complicated nature of this proceeding, the PSC should clarify its order. The PSC's approval of the merger is only one step of the process.

2. The PSC set July 1, 2001, as the target date because this proposed merger is in the public interest. The public's interest is not served by unnecessary delay.

3. All parties should work diligently to obtain bondholder approval prior to July 1, if such approval is necessary. If unexpected problems crop up, the Commission should be promptly advised.

ORDER

IT IS THEREFORE ORDERED that the Commission's December 28, 2000, order is clarified, as set forth above.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

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

CLW/sek
000893cb.wpd

A True Copy, Teste:



Sandra Squire
Executive Secretary

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

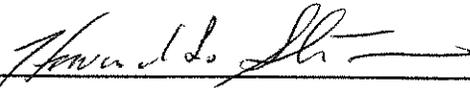
5. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, the terms of office of the current Berkeley Board members shall end, by operation of law, and the Board of Berkeley is hereby supplanted and replaced by the following five (5) individuals who are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

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

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

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



President

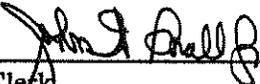


Commissioner



Commissioner

ATTEST:



Clerk

06/26/01
067740.99004

CH453477.3

HEDGESVILLE PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING
THE MERGER OF HEDGESVILLE PUBLIC SERVICE
DISTRICT INTO BERKELEY COUNTY PUBLIC
SERVICE DISTRICT, THE ASSIGNMENT OF ALL
BONDS AND CONVEYANCE OF ALL ASSETS OF
HEDGESVILLE PUBLIC SERVICE DISTRICT TO
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
AND THE DISSOLUTION OF HEDGESVILLE PUBLIC
SERVICE DISTRICT

WHEREAS, the Public Service Board of Berkeley County Public Service District ("Berkeley"), pursuant to a Resolution adopted on June 28, 2001, approved the terms and conditions of the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into Berkeley (the "Proposed Merger");

WHEREAS, pursuant to the Orders of the Public Service Commission of West Virginia (the "PSC") dated December 28, 2000 and April 26, 2001, in Case No. 00-0893-PWD-PC, the PSC authorized the Proposed Merger and dissolution of Hedgesville and Opequon;

WHEREAS, The County Commission of Berkeley County on June 28, 2001, adopted a resolution approving and ratifying the Proposed Merger and dissolution of Hedgesville and Opequon;

WHEREAS, contemporaneously with the merger of Hedgesville into Berkeley, Hedgesville desires to assign, and Berkeley desires to assume all debts, duties and other liabilities of Hedgesville, specifically including, but not limited to, all liabilities for and obligations under the Hedgesville Public Service District Water Revenue Bonds, Series 1993 A, dated March 8, 1993, issued in the original aggregate principal amount of \$528,871, Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of \$17,629, Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of \$677,158, and Water Refunding Bond Anticipation Notes, Series 2001, dated June 29, 2001, issued in the original aggregate principal amount of \$385,000 (collectively, the "Prior Hedgesville Bonds");

WHEREAS, the holders of the Prior Hedgesville Bonds have consented to the assignment by Hedgesville, and the assumption by Berkeley, of the Prior Hedgesville Bonds; and

WHEREAS, it is in the best interest of the customers of Hedgesville to complete the Proposed Merger, to convey all assets, rights, privileges, immunities and powers of Hedgesville to Berkeley and to dissolve Hedgesville.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HEDGESVILLE PUBLIC SERVICE DISTRICT, BERKELEY COUNTY, WEST VIRGINIA AS FOLLOWS:

1. Hedgesville does hereby authorize and ratify the merger of Hedgesville into Berkeley, the assignment of all debts, duties and other liabilities of Hedgesville, specifically including, but not limited to, the Prior Hedgesville Bonds, to Berkeley, the conveyance of all assets of Hedgesville to Berkeley and the dissolution of Hedgesville.

2. The Chairman and Secretary of Hedgesville are hereby authorized and directed to execute all documents concerning the merger of Hedgesville into Berkeley, specifically including, but not limited to, a Confirmatory Quitclaim Deed, a Confirmatory Bill of Sale, a Confirmatory Assignment of Rights-of-Way and Easements and a Confirmatory Assignment of Judgements, conveying all of the assets, both real and personal, rights, privileges, immunities and powers of Hedgesville unto Berkeley and the dissolution of Hedgesville.

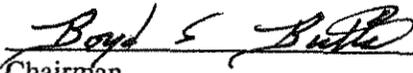
3. Hedgesville shall be dissolved immediately following its merger into Berkeley.

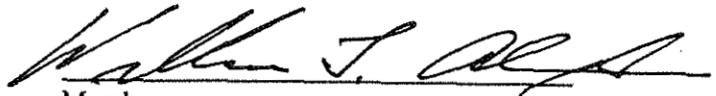
4. This Resolution shall become effective immediately upon adoption hereof.

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Adopted by the Public Service Board of Hedgesville at a meeting held this
June 28, 2001.

HEDGESVILLE PUBLIC SERVICE
DISTRICT


Chairman


Member


Member

06/26/01
067740/990

OPEQUON PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING
THE MERGER OF OPEQUON PUBLIC SERVICE
DISTRICT INTO BERKELEY COUNTY PUBLIC
SERVICE DISTRICT, THE ASSIGNMENT OF ALL
BONDS AND CONVEYANCE OF ALL ASSETS OF
OPEQUON PUBLIC SERVICE DISTRICT TO
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
AND THE DISSOLUTION OF OPEQUON PUBLIC
SERVICE DISTRICT

WHEREAS, the Public Service Board of Berkeley County Public Service District ("Berkeley"), pursuant to a Resolution adopted on June 28, 2001, approved the terms and conditions of the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into Berkeley (the "Proposed Merger");

WHEREAS, pursuant to the Orders of the Public Service Commission of West Virginia (the "PSC") dated December 28, 2000 and April 26, 2001, in Case No. 00-0893-PWD-PC, the PSC authorized the Proposed Merger and dissolution of Hedgesville and Opequon;

WHEREAS, The County Commission of Berkeley County on June 28, 2001, adopted a resolution approving and ratifying the Proposed Merger and dissolution of Hedgesville and Opequon;

WHEREAS, contemporaneously with the merger of Opequon into Berkeley, Opequon desires to assign, and Berkeley desires to assume all debts, duties and other liabilities of Opequon, specifically including, but not limited to, all liabilities for and obligations under the Opequon Public Service District Water Revenue Bonds, Series 1993, dated July 29, 1993, issued in the original aggregate principal amount of \$10,257,957, and Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of \$3,339,090 (collectively, the "Prior Opequon Bonds");

WHEREAS, the holders of the Prior Opequon Bonds have consented to the assignment by Opequon, and the assumption by Berkeley, of the Prior Opequon Bonds; and

WHEREAS, it is in the best interest of the customers of Opequon to complete the Proposed Merger, to convey all assets, rights, privileges, immunities and powers of Opequon to Berkeley and to dissolve Opequon.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF OPEQUON PUBLIC SERVICE DISTRICT, BERKELEY COUNTY, WEST VIRGINIA AS FOLLOWS:

1. Opequon does hereby authorize and ratify the merger of Opequon into Berkeley, the assignment of all debts, duties and other liabilities of Opequon, specifically including, but not limited to, the Prior Opequon Bonds, to Berkeley, the conveyance of all assets of Opequon to Berkeley and the dissolution of Opequon.

2. The Chairman and Secretary of Opequon are hereby authorized and directed to execute all documents concerning the merger of Opequon into Berkeley, specifically including, but not limited to, a Confirmatory Quitclaim Deed, a Confirmatory Bill of Sale, a Confirmatory Assignment of Rights-of-Way and Easements and a Confirmatory Assignment of Judgements, conveying all of the assets, both real and personal, rights, privileges, immunities and powers of Opequon unto Berkeley and the dissolution of Opequon.

3. Opequon shall be dissolved immediately following its merger into Berkeley.

4. This Resolution shall become effective immediately upon adoption hereof.

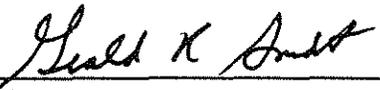
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Adopted by the Public Service Board of Opequon at a meeting held this
June 28, 2001.

OPEQUON PUBLIC SERVICE DISTRICT



Chairman



Member

Member

06/21/01
067740/99004

**BERKELEY COUNTY PUBLIC SERVICE
WATER DISTRICT**

UPDATED
PROFORMA AND PROJECTED FINANCIAL STATEMENTS

June 30, 2000-2002

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INDEPENDENT ACCOUNTANTS' REPORT ON UPDATED FINANCIAL STATEMENTS

To the Commissioners
Berkeley County Commission
Martinsburg, West Virginia

We have compiled the accompanying pro forma balance sheet of the Berkeley County Public Service Water District as of June 30, 2000 and the related statements of pro forma income and cash flows for the year then ended, included in the accompanying prescribed form, in accordance with standards established by the American Institute of Certified Public Accountants.

We have also compiled the accompanying projected balance sheets and statements of income and cash flows of the Berkeley County Public Service Water District as of June 30, 2001 and 2002 and for the years then ending, included in the accompanying prescribed form, in accordance with standards established by the American Institute of Certified Public Accountants.

The accompanying presentation and this report were prepared for those responsible for approving the proposed merger of the Berkeley County, Hedgesville, and Opequon Public Service Districts and should not be used for any other purpose.

A compilation is limited to presenting, in the form prescribed by the Public Service Commission of West Virginia, pro forma and projected financial statements, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the pro forma or projection transactions. We have not examined the accompanying pro forma and projected financial statements and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions.

Furthermore, even if the merger of the Districts is approved, there will usually be differences between the pro forma, projected, and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

These financial statements (including related disclosures) are presented in accordance with the requirements of the Public Service Commission of West Virginia, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

As discussed in the summary of significant assumptions, the projected financial statements take into account events and circumstances that were not anticipated at March 19, 2001, the date previous

proforma and projected financial statements were issued for the same period, and those financial statements should no longer be relied on. We previously compiled and reported on the previous financial statements. Our report on those financial statements is withdrawn and should no longer be relied on for any purpose.

Cox Nichols Hollida, CPAs
and Consultants, LLP
Martinsburg, West Virginia
June 11, 2001

ASSETS

	BCPSD	OPSD	HPSD	Elimination	Combined Prn Form	Adjustments	Projected 6/30/01	Adjustments	Projected 6/30/02
CURRENT ASSETS									
Cash and temporary investments	146,650	340,668	199,569	-	607,285	\$(30,704)	656,591	\$(288,534)	368,057
Accounts receivable - customers (net of allowances)	181,955	198,780	43,677	-	424,412	-	424,412	-	424,412
Inventory	60,307	-	5,370	-	65,677	-	65,677	-	65,677
Prepaid expenses and deposits	9,029	6,984	4,229	-	20,242	-	20,242	-	20,242
Total current assets	398,151	646,630	252,645	-	1,197,626	(30,704)	1,166,922	(288,534)	878,388
RESTRICTED ASSETS									
Debt service funds	477,761	81,600	695,813	-	1,075,174	-	685,913	-	695,913
Debt service reserve funds	470,723	496,234	102,205	-	1,069,162	-	1,069,162	11	1,396,782
Construction fund	83,311	39,084	19,335	-	111,710	-	111,710	-	111,710
Renewal and replacement funds	225,259	98,074	80,358	-	401,691	-	401,691	-	401,691
Total restricted assets	975,845	1,049,133	253,498	-	2,278,476	-	2,278,476	-	2,606,096
Total current and restricted assets	1,373,996	1,595,763	606,343	-	3,476,102	(30,704)	3,445,398	39,086	3,484,484
UTILITY PLANT									
Tangible plant in service	13,659,041	22,228,132	4,096,775	3 (438,963)	39,544,885	-	39,544,885	11,12	44,898,897
Construction in progress	154,844	212,030	25,096	-	391,970	-	391,970	11	-
Less accumulated depreciation and amortization	(4,889,855)	(5,334,016)	(1,865,934)	3 69,844	(12,025,081)	-	(12,025,081)	-	(12,025,081)
Net utility plant	8,923,930	17,106,146	2,254,937	(373,119)	27,911,894	-	27,911,894	5,059,942	32,971,836
OTHER ASSETS									
Unauthorized debt issue expense	216,148	87,408	16,414	-	319,868	-	319,868	-	319,868
Total assets	\$ 10,814,074	\$ 18,789,315	\$ 2,777,694	\$ (373,119)	\$ 31,107,964	\$ (30,704)	\$ 31,677,260	\$ 5,099,928	\$ 36,776,288

See summary of significant assumptions, accounting policies and independent accountants' report.

Berkeley County Public Service Water District
Balance Sheets
June 30, 2000 - 2002

LIABILITIES

	BCPSD	QPSD	HPSD	Elimination	Combined Pro Forma 6/30/00	Adjustments	Projected 6/30/01	Adjustments	Projected 6/30/02
CURRENT LIABILITIES (payable from current assets)									
Accounts payable	\$ 58,309	\$ 40,399	\$ 1,250	\$ -	\$ 99,958	\$ -	\$ 99,958	\$ -	\$ 99,958
Accrued expenses and payroll taxes	57,804	23,428	7,607	-	88,839	3 47,480	136,319	-	136,319
Line of credit payable	105,500	-	-	-	105,500	-	105,500	-	105,500
Customer deposits	75,022	81,178	45,112	-	201,312	-	201,312	-	201,312
Advances for construction - developers (due within one year)	35,000	5,000	-	-	40,000	-	40,000	-	40,000
Lease payable (due within one year)	-	5,043	-	-	5,043	-	5,043	-	5,043
Due to other utility	-	3,069	-	3 (3,069)	-	-	-	-	-
Total current liabilities (payable from current assets)	331,635	158,117	53,969	(3,069)	540,652	47,480	588,132	-	588,132
CURRENT LIABILITIES (payable from restricted assets)									
Accounts payable - construction	-	37,225	-	-	37,225	-	37,225	-	37,225
Accrued interest expense	71,772	168,801	-	-	240,573	-	240,573	-	240,573
Revenue bonds payable (due within one year)	255,000	246,412	26,781	-	528,193	-	528,193	-	528,193
Total current liabilities (payable from restricted assets)	326,772	452,438	26,781	-	805,991	-	805,991	-	805,991
Total current liabilities	658,407	610,555	80,750	(3,069)	1,346,643	47,480	1,394,123	-	1,394,123
LONG-TERM LIABILITIES									
Advances for construction - developers	194,097	-	-	-	194,097	-	194,097	-	194,097
Revenue bonds payable	3,700,000	12,446,836	1,555,681	-	17,702,517	-	17,702,517	11,12 5,340,000	23,042,517
Lease payable	-	19,417	-	-	19,417	-	19,417	-	19,417
Due to other utility	-	419,538	-	3 (419,538)	-	-	-	-	-
Total long-term liabilities	3,894,097	12,885,791	1,555,681	(419,538)	17,916,031	-	17,916,031	5,340,000	23,255,031
Total liabilities	4,552,504	13,496,346	1,636,431	(422,607)	19,262,674	47,480	19,310,154	5,340,000	24,650,154
RESERVES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS (DEFICIT)									
RESERVES	975,845	1,049,133	-	-	2,024,978	-	2,024,978	-	2,024,978
CONTRIBUTED CAPITAL	3,551,850	5,072,204	2,076,882	3 (69,228)	10,631,708	-	10,631,708	-	10,631,708
RETAINED EARNINGS (DEFICIT)	1,433,875	(828,368)	(935,619)	3 118,716	(211,395)	(78,184)	(289,580)	(240,972)	(530,552)
Total reserves, contributed capital and retained earnings	5,961,570	5,292,969	1,141,263	49,488	12,443,290	(78,184)	12,367,106	(240,972)	12,126,134
Total	\$ 10,514,074	\$ 18,789,315	\$ 2,777,694	\$ (373,119)	\$ 31,707,964	\$ (30,704)	\$ 31,677,260	\$ 5,099,028	\$ 36,776,288

See summary of significant assumptions, accounting policies and Independent accountants' report.

Berkeley County Public Service Water District
Statements of Income
June 30, 2000 - 2002

	<u>BCPSD</u>	<u>OPSD</u>	<u>HPSD</u>	<u>Eliminating Entries</u>	<u>Combined Pro Forma 6/30/00</u>	<u>Adjustments</u>	<u>Projected 6/30/01</u>	<u>Adjustments</u>	<u>Projected 6/30/02</u>
OPERATING REVENUES	\$ <u>1,786,115</u>	\$ <u>2,297,493</u>	\$ <u>487,577</u>	1,2 \$ <u>(53,510)</u>	\$ <u>4,517,675</u>	1 \$ <u>151,822</u>	\$ <u>4,669,497</u>	1,2,3 <u>305,983</u>	\$ <u>4,975,460</u>
OPERATING EXPENSES									
Source of supply	159,246	113,413	34,065	1 (29,096)	277,628	2,3 108,295	383,923	5,6,7 271,613	655,536
Power and pumping	117,854	102,613	49,872	-	270,339	2,4 16,710	287,049	3,5,8 29,211	316,260
Purification	137,491	113,811	9,517	-	260,819	2 7,825	268,644	3,5 (3,464)	265,180
Transmission and distribution	207,958	209,288	26,817	-	444,061	2,4 62,155	496,216	5,8 27,253	523,469
Customer accounting and collecting	120,325	131,396	65,392	-	317,113	2 9,513	326,626	5 9,799	336,425
Administrative and general	485,607	325,744	142,953	-	954,304	2,4,5 (41,181)	913,123	5,8 92,394	1,005,517
Payroll taxes	48,417	32,389	12,373	-	93,179	2 2,795	95,974	5 2,879	98,853
Total operating expenses	<u>1,276,896</u>	<u>1,028,654</u>	<u>340,989</u>	<u>(29,096)</u>	<u>2,817,443</u>	<u>154,112</u>	<u>2,771,555</u>	<u>429,685</u>	<u>3,201,240</u>
Operating income before depreciation	<u>509,219</u>	<u>1,268,839</u>	<u>146,588</u>	<u>(24,414)</u>	<u>1,900,232</u>	<u>(2,290)</u>	<u>1,897,942</u>	<u>(123,722)</u>	<u>1,774,220</u>
DEPRECIATION	<u>355,461</u>	<u>604,537</u>	<u>127,335</u>	<u>-</u>	<u>1,087,333</u>	<u>-</u>	<u>1,087,333</u>	<u>-</u>	<u>1,087,333</u>
Operating income	<u>153,758</u>	<u>664,302</u>	<u>19,253</u>	<u>(24,414)</u>	<u>812,899</u>	<u>(2,290)</u>	<u>810,609</u>	<u>(123,722)</u>	<u>686,887</u>
NON-OPERATING INCOME AND (EXPENSES)									
Interest income	53,731	58,009	20,201	-	131,941	-	131,941	-	131,941
Interest expense	(220,933)	(705,727)	(100,390)	2 24,414	(1,002,636)	-	(1,002,636)	9 (39,066)	(1,041,702)
Amortization	(13,136)	(4,414)	(548)	-	(18,098)	-	(18,098)	-	(18,098)
Total non-operating income and (expenses)	<u>(180,338)</u>	<u>(652,132)</u>	<u>(80,737)</u>	<u>24,414</u>	<u>(888,793)</u>	<u>-</u>	<u>(888,793)</u>	<u>(39,066)</u>	<u>(927,859)</u>
NET INCOME (LOSS)	\$ <u>(26,580)</u>	\$ <u>12,170</u>	\$ <u>(61,484)</u>	\$ <u>-</u>	\$ <u>(75,894)</u>	\$ <u>(2,290)</u>	\$ <u>(78,184)</u>	\$ <u>(162,788)</u>	\$ <u>(240,972)</u>

See summary of significant assumptions, accounting policies and independent accountants' report.

Berkeley County Public Service Water District
 Statements of Cash Flow
 June 30, 2000 - 2002

	BCPSD	OPSD	HPSD	Eliminating Entries	Combined Pro Forma \$3000	Adjustments	Projected 08/30/2001	Adjustments	Projected 06/30/2002
Available Cash	\$ 1,766,115	\$ 2,297,493	\$ 487,577	1,2 \$ (53,510)	\$ 4,617,975	1 \$ 131,941	4,669,487	12,3 \$ 305,963	4,975,460
Operating revenues	53,731	58,009	20,201	-	131,941	-	131,941	-	131,941
Other income	1,839,848	2,365,602	507,776	(53,510)	4,849,810	151,822	4,801,438	305,963	5,107,401
Total available cash	1,276,896	1,028,654	340,989	(29,985)	2,617,443	154,112	2,771,555	428,685	3,201,240
Cash requirements (including taxes)	562,950	1,328,948	166,789	(24,414)	2,032,173	(7,290)	2,028,883	(123,722)	1,906,161
Cash available for debt service	220,933	705,727	100,390	(24,414)	1,002,636	-	1,002,636	39,066	1,041,702
Debt service requirements	240,080	240,683	28,629	-	507,192	6 27,153	534,355	33,393	567,748
Interest on long-term debt	450,933	948,280	127,019	(24,414)	1,569,228	27,163	1,536,981	72,459	1,609,450
Amortization on long term debt									
Total debt service	44,653	75,122	4,397	-	79,519	-	79,519	-	79,519
Reserve transfers	44,653	57,437	12,189	(1,338)	112,942	7 3,786	116,738	7,649	124,387
Debt service reserve	44,653	132,559	16,588	(1,338)	192,461	3,798	198,257	7,649	203,908
Renewal and replacement reserve	\$ 57,364	\$ 287,899	\$ 23,184	\$ 1,338	\$ 329,884	\$ (31,249)	\$ 296,635	\$ (203,830)	\$ 92,805
Cash surplus (deficit)	122%	140%	131%		135%		132%		118%
Percent coverage									

See summary of significant assumptions, accounting policies and independent accountants' report.

Berkeley County Public Service Water District
 Detail of Adjustments
 June 30, 2000 - 2002

<u>Adjustment Number</u>		<u>Increase (Decrease)</u>
<u>ELIMINATING ENTRIES</u>		
(1)	Operating Revenues Source of Supply	\$ (29,096) (29,096)
	To eliminate water sold to HPSD from OPSD	
(2)	Operating Revenues Interest Expense	(24,414) (24,414)
	To eliminate sales from HPSD to OPSD in exchange for interest expense (debt service)	
(3)	Utility Plant in Service Accumulated Depreciation Due to Other Utility - ST Due to Other Utility - LT Contributions in aid of Construction Retained Earnings	(438,963) (65,844) (3,069) (419,538) (69,228) (118,716)
	To eliminate the cost of a service line and the related accumulated depreciation, debt, and payments made by OPSD for service line debt shared with HPSD	
(4)	Renewal and Replacement Reserve	(1,338)
	To record adjustment to 2.5% renewal and replacement reserve due to decrease in operating revenues	

Berkeley County Public Service Water District
 Detail of Adjustments
 June 30, 2000 - 2002

<u>Adjustment Number</u>		<u>Increase (Decrease)</u>
<u>PROJECTION ADJUSTMENTS - 6/30/01</u>		
(1)	Operating Revenues	\$ 151,822
	To adjust operating revenues for projected combined customer growth	
(2)	Source of Supply	8,329
	Power and Pumping	8,110
	Purification	7,825
	Transmission and distribution	13,322
	Customer accounting and collecting	9,513
	Administrative and general	28,629
	Payroll taxes	2,795
	To adjust operating expenses for projected incremental inflationary increase	
(3)	Source of Supply	53,536
	Source of Supply	47,480
	Accrued Expenses	47,480
	Source of Supply	(3,050)
	To adjust source of supply for BCPSD's projected increase in water purchased and 9 months of capacity costs liability associated with the City of Martinsburg project and elimination of rent expense associated with HPSD's purchase of a spring	
(4)	Power and Pumping	8,600
	Transmission and Distribution	38,833
	Administrative and General	(50,310)
	To adjust for employees added at BCPSD and OPSD and for the reduction in administrative and general salaries at HPSD	
(5)	Administrative and General	(19,500)
	To adjust for projected combined decrease in professional costs	

Berkeley County Public Service Water District
Detail of Adjustments
June 30, 2000 - 2002

<u>Adjustment Number</u>		<u>Increase (Decrease)</u>
<u>PROJECTION ADJUSTMENTS - 6/30/01 (continued)</u>		
(6)	Amortization on long term debt To adjust for OPSD's projected additional debt prepayment requirement due to increased revenues generated by certain customers	\$ 27,163
(7)	Renewal and Replacement Reserve To record increase in 2.5% renewal and replacement reserve due to increase in operating revenues	3,796

Berkeley County Public Service Water District
 Detail of Adjustments
 June 30, 2000 - 2002

<u>Adjustment Number</u>		<u>Increase (Decrease)</u>
<u>PROJECTION ADJUSTMENTS - 6/30/02</u>		
(1)	Operating Revenues	\$ 253,911
	To adjust operating revenues for projected combined customer growth	
(2)	Operating Revenues	152,517
	To adjust operating revenues for projected interim rate increase recommended by WVPSC for BCPSD	
(3)	Operating Revenues	(100,465)
	Power and Pumping	(5,200)
	Purification	(11,523)
	To adjust operating revenues and expenses for anticipated loss of a major customer	
(4)	Renewal and Replacement Reserve	7,649
	To record adjustment to 2.5% renewal and replacement reserve due to increase in operating revenues	
(5)	Source of Supply	11,518
	Power and Pumping	8,611
	Purification	8,059
	Transmission and distribution	14,886
	Customer accounting and collecting	9,799
	Administrative and general	27,394
	Payroll taxes	2,879
	To adjust operating expenses for projected incremental inflationary increase	
(6)	Source of Supply	126,456
	Source of Supply	15,827
	To adjust source of supply for BCPSD's projected increase in water purchased and additional 3 months of capacity costs liability associated with the City of Martinsburg project	

Berkeley County Public Service Water District
 Detail of Adjustments
 June 30, 2000 - 2002

<u>Adjustment Number</u>		<u>Increase (Decrease)</u>
<u>PROJECTION ADJUSTMENTS - 6/30/02 (continued)</u>		
(7)	Source of Supply To adjust source of supply for HPSD's projected annual supply main costs associated with the City of Martinsburg project	117,812
(8)	Power and Pumping Transmission and Distribution Administrative and General To adjust for a full year of salaries and fringes for employees added during the prior year at OPSD and for additional administrative and general salaries	\$ 25,800 12,367 65,000
(9)	Interest Expense Amortization on long term debt To adjust for 8 months of HPSD's projected debt service increase due to their \$900,000 project	39,066 4,377
(10)	Amortization on long term debt To adjust for OPSD's projected additional debt prepayment requirement due to increased revenues generated by certain customers	29,016
(11)	Tangible plant in service Debt service reserve Construction in progress Revenue bonds payable To record BCPD's new utility plant projects costs and financing and to reclass existing construction in progress	4,551,912 327,620 (391,970) 4,440,000
(12)	Tangible plant in service Revenue bonds payable To record HPSD's new utility plant projects costs and financing	900,000 900,000

Berkeley County Public Service Water District

SUMMARY OF SIGNIFICANT ASSUMPTIONS

June 30, 2000 - 2002

The pro forma financial statements for the year ended June 30, 2000 were prepared based on the audited financial statements of the Berkeley County (BCPSD), Hedgesville (HPSD), and Opequon (OPSD) Public Service Districts for the year ended June 30, 2000 less entries made to eliminate transactions that have occurred between the Districts. The projected financial statements for the years ending June 30, 2001 and 2002 are based on the combined pro forma financial statements for the year ended June 30, 2000 and projections and assumptions made by each of the three Districts personnel and board of directors.

These financial statements have been prepared assuming approval is received prior to July 1, 2001 from those parties responsible for approving the proposed merger of the three Districts.

The projected financial statements as of and for the year ending June 30, 2002 have been updated to take into account events and circumstances that were not anticipated at March 19, 2001, the date of the accountants' report on the previously released proforma and projected financial statements for the period June 30, 2000-2002. The updated events and circumstances that affect the projected financial statements as of and for the year ending June 30, 2002 are as follows:

- The amount and effective date of the BCPSD's rate increase has been changed.
- The anticipated loss of a major customer in the BCPSD territory.
- The date debt service payments will begin on BCPSD's anticipated new water revenue bonds has been changed. In addition, the amount of the bonds requested has been revised.
- The anticipated amount of water purchased by the BCPSD from the City of Martinsburg has been revised.

The assumptions that follow reflect the updated events and circumstances noted above.

In addition, these financial statements were prepared under the following assumptions as provided by each of the three Districts personnel and board of directors:

- Customer growth has been projected at approximately 300 new customers for BCPSD, 100 new customers for HPSD, and 160 new customers for OPSD for each of the years ending June 30, 2001 and 2002.
- Operating expenses reflect an anticipated annual incremental inflationary increase of 3% to all operating costs for each of the years ending June 30, 2001 and 2002.
- All personnel positions held at June 30, 2000 were retained. In addition, BCPSD added an additional position during the year ending June 30, 2001 at a total cost, including fringes, of approximately \$30,000. OPSD added two positions during the year ended June 30, 2001 at a total cost, including fringes, of approximately \$55,600.
- The BCPSD has a certificate application before the Public Service Commission of West Virginia (PSC) requesting approval for several capital improvement projects with a total estimated cost of \$4,487,562. The cost of these projects are expected to be financed by the issuance of \$4,440,000 of water revenue bonds to be repaid over 25 years with an interest rate of 5.15%. Interest earned from bond proceeds and payment for capitalized interest, which is to be funded from bond proceeds and its earnings, are not included in the financial statements. Debt service reserve is expected to be fully funded from the bond proceeds. Debt service payments,

Berkeley County Public Service Water District

SUMMARY OF SIGNIFICANT ASSUMPTIONS (Continued)

June 30, 2000 - 2002

- excluding capitalized interest, are not expected to begin until after the projection period. It has been assumed the certificate application and financing approvals will be obtained prior to October 1, 2001.
- BCPD is participating in the City of Martinsburg's Water Improvements Project for the increased capacity of the City's Big Springs Plant. BCPD is responsible for \$937,461 of this Project. Under a Water Purchase Agreement with the City, BCPD will make payments to the City totaling \$63,307 annually for 40 years. These payments were to begin in October 2000 and have been accrued and included in the financial statements as a source of supply expense from that point forward.
 - BCPD's expense of water purchased from the City of Martinsburg has been estimated at \$150,000 for the year ending June 30, 2001 and at \$276,456 for the year ending June 30, 2002, assuming the BCPD purchases its current usage of water per day from the City of Martinsburg under their Water Purchase Agreement during 2002 at a rate currently estimated at \$3.16 per 1,000 gallons.
 - The BCPD currently has a rate increase request before the PSC due to the above mentioned projects. It has been anticipated that the PSC will approve an 11% increase to become effective by October 1, 2001. In addition, it is also anticipated the PSC will recommend an additional rate increase of 19% to become effective upon completion of the projects funded by BCPD's \$4,440,000 water revenue bonds. The projects completion and additional rate increase are not expected to occur until after June 30, 2002.
 - BCPD's management anticipates the loss of one of its major customers during the year ending June 30, 2002. The loss of six months of this customer's revenues and expenses have been assumed. It is also BCPD management's intent to file an application with the PSC for an additional rate increase due to the loss of this customer.
 - BCPD's management has projected a decrease in the amount of professional fees of approximately \$25,000 in the year ending June 30, 2001.
 - HPSD is participating in the City of Martinsburg's Water Improvements Project for a distribution line that will allow HPSD to purchase water from the City. HPSD is responsible for \$1,781,340 of this Project. Under a Water Purchase Agreement with the City, HPSD will make payments to the City currently estimated at \$117,812 annually for 40 years. These payments to the City are to begin upon the City's Phase II Bond closing currently scheduled for late June or early July 2001 and have been included in the financial statements as a 2002 source of supply expense. The Water Purchase Agreement between HPSD and the City also calls for HPSD to purchase a daily minimum amount of water from the City upon completion of the distribution line. The distribution line is not anticipated to be completed until after June 30, 2002 and therefore no amounts for water purchased by HPSD from the City has been included in these financial statements.
 - HPSD anticipates it will receive PSC approval for several projects totaling \$900,000 to be financed by the West Virginia Water Development Authority at a rate of 5.8% over 40 years. It has been assumed that debt service payments will begin in October 2001 and the debt service reserve will be fully funded at closing.

Berkeley County Public Service Water District

SUMMARY OF SIGNIFICANT ASSUMPTIONS (Continued)

June 30, 2000 - 2002

- The effects of any post merger rate increases or changes in rate structures due to the HPSD projects mentioned above have not been included in these financial statements.
- HPSD is currently in the process of obtaining a bank loan to refinance its debt to the United States Department of Agriculture (USDA). The approximate \$380,000 refinancing is anticipated to be a short term, interest only loan, bearing interest at approximately 6.5%. The loan is anticipated to close by June 30, 2001. The refinancing would then be repaid by any new borrowing by the merged District. The reduction in the amount of debt service payments between the amount HPSD is currently paying and the amount it will be paying during the short term loan is not material and therefore has not been included as an adjustment in these financial statements.
- OPSD's management anticipates additional water usage and revenues from customers in an industrial park which requires additional bond principal "prepayments" in the amount of one half of the revenues generated over a specified amount. The additional amount of prepayments are estimated at \$27,163 and \$29,016 for the years ending June 30, 2001 and 2002, respectively, based on the anticipated additional water usage and revenue.
- The financial statements do not take into account any transactions transpiring during OPSD's recent auction of excess physical plant due to the assumption that any proceeds received will be reinvested back into the District's utility plant in service.
- With the exception of the currently proposed BCPD 11% rate increase, these financial statements do not include provisions for any other changes in revenue rate amounts or structures.
- These financial statements do not include an estimate for the amount of interest that may be earned on project construction funds that may be held in local financial institutions during the periods BCPD's and HPSD's projects are anticipated to be constructed.
- There will be other additional costs and additional cost savings as a result of the three Districts merging into one. These additional items will be determined and implemented over a period of time as determined by the merged District's management and they have not been included in these financial statements.

Berkeley County Public Service Water District

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

June 30, 2000 - 2002

GENERAL

These pro forma and projected statements represent the combined financial statements of Berkeley County Public Service District, Hedgesville Public Service District, and Opequon Public Service District as a merged entity to be known as Berkeley County Public Service Water District ("District"). The District has been created under orders by the Berkeley County Commission and the Public Service Commission of West Virginia for the purpose of furthering the preservation of the public health, comfort and convenience of the residents of Berkeley County by providing water services to customers in its franchise area.

Reporting Entity

For financial reporting purposes, the District is considered an independent reporting entity. The basic criteria for defining the District as an independent reporting entity is the District's financial independence, accountability for fiscal matters, significant influence on operations and ability to designate management.

Fund Accounting

The accounts of the District are organized on the basis of fund accounting under one fund, an enterprise fund. The enterprise fund is a proprietary fund type that is used to account for all District operations because the District's operations are similar to that of private business enterprises.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the District applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The accrual basis of accounting is used. Revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Utility plant is stated at cost at the date of acquisition. Depreciation is provided on the straight-line method at various rates calculated to allocate the costs of the respective items over their estimated useful lives ranging from 3 to 50 years. Interest paid on loans obtained for construction of plant facilities is capitalized when material. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Berkeley County Public Service Water District

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

June 30, 2000 - 2002

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Main line extensions constructed by developers are titled to the District upon their completion. Their costs and offsetting contributions in aid of construction are recorded in the District's books.

Bond issue costs are amortized over the life of the related bonds either by the straight line or on a weighted average of outstanding debt during the year.

The reserve method is used to provide for possible losses in the collection of customer's accounts receivable.

Inventory is stated at the lower of cost or market. Inventories are adjusted to annual and periodic physical counts and are valued at cost using the first in, first out method.

July 1, 2001

Merger of Hedgesville Public Service District and
Opequon Public Service District into Berkeley County Public Service District

Berkeley County Public Service District
Bunker Hill, West Virginia

West Virginia Infrastructure &
Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ambac Assurance Corporation
New York, New York

Ladies and Gentlemen:

We have acted as bond counsel in connection with the merger (the "Merger") of Hedgesville Public Service District (hereinafter "Hedgesville") and Opequon Public Service District (hereinafter "Opequon") into Berkeley County Public Service District (hereinafter "Berkeley"), in Berkeley County, West Virginia, the assumption and re-designation of the bonds of Hedgesville and Opequon by Berkeley and the dissolution of Hedgesville and Opequon, as of the date hereof, pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act").

We have examined the applicable provisions of the Act, the Resolutions of The County Commission of Berkeley County duly adopted on June 1, 2000 and June 28, 2001, the Resolution of Berkeley duly adopted on June 3, 2001, the Resolution of Hedgesville duly adopted on June 28, 2001, and the Resolution of Opequon duly adopted on June 28, 2001 (collectively, the "Resolutions"), pursuant to and under which Act and Resolutions Hedgesville and Opequon are merged into Berkeley, the bonds of Hedgesville and Opequon are assumed and re-designated by Berkeley, and Hedgesville and Opequon are dissolved.

As to questions of fact material to our opinion, we have relied upon the representations of The County Commission of Berkeley County, Berkeley, Hedgesville and Opequon contained in the Resolutions and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Berkeley, Hedgesville and Opequon (collectively, the "Districts") have each executed a General Certificate of District and Attorney whereby they have certified, among other things, that the requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the respective Bonds of each District from gross income for federal income tax purposes, are and have been satisfied.

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. Berkeley is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power to acquire by merger the assets of Hedgesville and Opequon, to assume the bonds and liabilities of Hedgesville and Opequon and re-designate the Assumed Bonds (as hereinafter defined) and to operate and maintain the System, all under the Act and other applicable provisions of law. The members and officers of the public service boards of the Districts have been duly and properly appointed and elected, have taken the requisite oaths and are authorized to act on behalf of the Districts in their respective capacities.

2. The County Commission of Berkeley County, Berkeley, Hedgesville and Opequon have duly adopted all necessary resolutions and orders in connection with the Merger, the assumption of all of the bonds, liabilities and obligations of Hedgesville and Opequon by Berkeley, the re-designation of the Assumed Bonds, the conveyance of all assets of Hedgesville and Opequon to Berkeley and the dissolution of Hedgesville and Opequon.

3. The conveyance of all assets of Hedgesville and Opequon to Berkeley has been duly authorized by Hedgesville and Opequon. As of the date hereof, Hedgesville and Opequon are merged into Berkeley and Berkeley holds valid title to all assets, including, but not limited to, real and personal property, of Hedgesville and Opequon.

4. Prior to the Merger, Berkeley had outstanding its Water Refunding Revenue Bonds, Series 1993 A, dated March 1, 1993, issued in the original aggregate amount of \$3,350,000 (the "Series 1993 A Bonds") and Water Revenue Bonds, Series 1994, dated September 1, 1994, issued in the original aggregate amount of \$2,275,000 (the "Series 1994 Bonds"). Berkeley has assumed all obligations under, and responsibility for the payment of the principal of and interest on, the Hedgesville Public Service District Water Revenue Bonds, Series 1993 A, dated March 8, 1993, issued in the original aggregate principal amount of \$528,871, the Hedgesville Public Service District Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of \$17,629, the Hedgesville Public Service District Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of \$677,158, the Hedgesville Public Service District Water Refunding Bond Anticipation Notes, Series 2001, dated June 29, 2001, issued in the original aggregate principal amount of \$385,000, the Opequon Public Service District Water Revenue Bonds, Series 1993, dated July 29, 1993, issued in the original aggregate principal amount of \$10,257,957 and the Opequon Public Service District Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of \$3,339,090 (collectively, the "Assumed Bonds").

The Assumed Bonds have been re-designated by Berkeley as follows:

- a. Berkeley County Public Service District Water Revenue Bonds, Series 1993 B (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds");

- b. Berkeley County Public Service District Water Revenue Bonds, Series 1993 C (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds");
- c. Berkeley County Public Service District Water Revenue Bonds, Series 1993 D (Formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds");
- d. Berkeley County Public Service District Water Revenue Bonds, Series 1996 (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds");
- e. Berkeley County Public Service District Water Revenue Bonds, Series 1997 (Formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds"); and
- f. Berkeley County Public Service District Water Refunding Bond Anticipation Notes, Series 2001 (Formerly Hedgesville Public Service District Water Refunding Bond Anticipation Notes, Series 2001) (the "Series 2001 Notes").

The Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds and the Series 1997 Bonds are collectively referred to herein as the "First Lien Bonds." The Series 1993 C Bonds are referred to herein as the "Second Lien Bonds." The First Lien Bonds, the Second Lien Bonds and the Series 2001 Notes are collectively referred to herein as the "Bonds."

The assignment of the Assumed Bonds has been duly authorized by Hedgesville and Opequon. The assumption of the Assumed Bonds has been duly authorized by Berkeley and the Bonds are valid, legally enforceable and binding obligations of Berkeley, enforceable in accordance with their terms and the respective resolutions approving the 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 Series 2001 Notes are not secured by the assets of the System or the Net Revenues thereof and are junior and subordinate to the First Lien Bonds and the Second Lien Bonds.

5. Berkeley has reserved the right to issue additional bonds ranking on a parity with the First Lien Bonds.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, the Merger, the assumption and re-designation of the Assumed Bonds by Berkeley, and the dissolution of Hedgesville and Opequon do not affect either (a) the excludability of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and the regulations thereunder (collectively, the "Code"); (b) the determination that the interest on the Bonds is not an item of tax preference for purposes of the federal

alternative minimum tax imposed upon individuals and corporations under the Code; or (c) the exemption of the Bonds from taxation by the State of West Virginia and the other taxing bodies of the State.

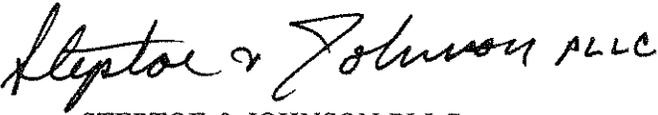
7. The consummation of the transactions contemplated by the Resolutions and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of each District, a breach of or default under any resolution, agreement or other instrument to which each District is a party or any existing law, regulation, court order or consent decree to which each District is subject.

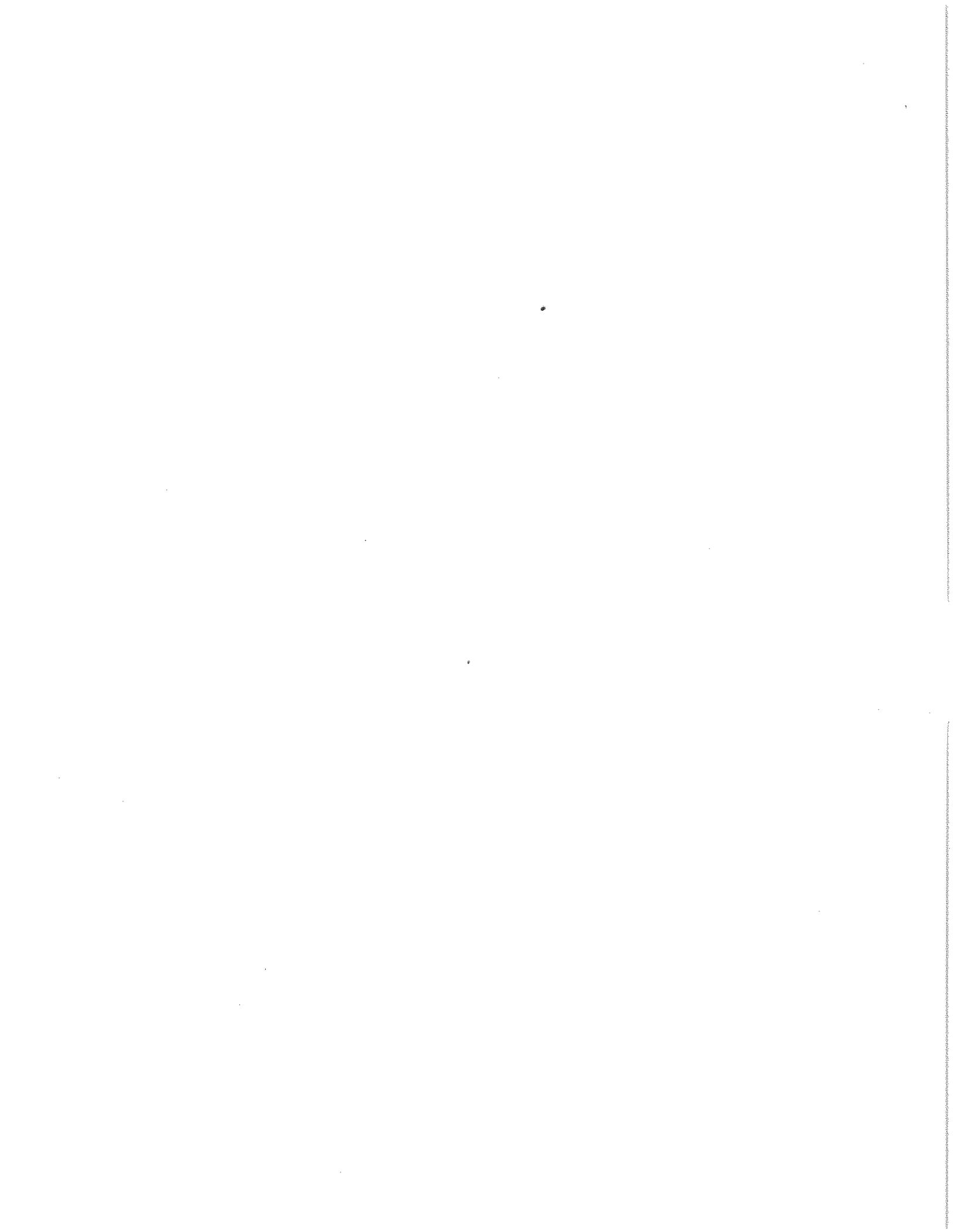
8. The County Commission of Berkeley County and the Districts have received the orders of the Public Service Commission of West Virginia, in Case No. 00-0893-PWD-PC, entered on December 28, 2000, and April 26, 2001, approving the merger of Hedgesville and Opequon into Berkeley. The time for appeal of such orders has expired prior to the date hereof without any appeal having been filed.

9. To the best of our 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 Resolutions, the merger of Hedgesville and Opequon into Berkeley, the assumption and re-designation of the Assumed Bonds by Berkeley, the conveyance of all assets of Hedgesville and Opequon to Berkeley, the dissolution of Hedgesville and Opequon, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

It is to be understood that the rights of the holders of the Bonds, and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases

Very truly yours,


STEPTOE & JOHNSON PLLC





CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS, LLP

July 1, 2001

Merger of Hedgesville Public Service District
and Opequon Public Service District
into Berkeley County Public Service District

Berkeley County Public Service District
Bunker Hill, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Ambac Assurance Corporation
New York, New York

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered May 30, 1996, in Case No. 95-0992-PWD-CN, with regard to Hedgesville Public Service District ("Hedgesville"), the Final Order of the Public Service Commission of West Virginia dated May 22, 1997, in Case No. 96-0478-PWD-CN, with regard to Opequon Public Service District ("Opequon"), the Final Order of the Public Service Commission of West Virginia dated June 29, 1994 in Case No. 93-0637-PWD-CN, with regard to the Berkeley County Public Service District ("Berkeley"), which rates are to remain in effect upon the merger of Hedgesville and Opequon into Berkeley pursuant to Commission Order of the Public Service Commission of West Virginia entered on December 28, 2000, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Hedgesville, Opequon and Berkeley District's management and reviewed with Chester Engineering, Inc. ("Engineer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the merged waterworks system (the "System") of Berkeley County Public Service District, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on all obligations secured by or payable from the revenues of the System, including the Berkeley County Public Service District Water Refunding Revenue Bonds, Series 1993 A, Water Revenue Bonds, Series 1993 B, Water Revenue Bonds, Series 1993 C, Water Revenue Bonds, Series 1993 D, Water Revenue Bonds, Series 1994, Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 1997 and Water Refunding Bond Anticipation Notes, Series 2001 A (collectively, the "Outstanding Bonds"). It is our further opinion that the Net Revenues actually derived from the System during the fiscal year preceding the date hereof, plus the increased annual Net Revenues expected to be received during the first year following the date hereof, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Outstanding Bonds.

*Cox Nichols Hollida, CPAs
and Consultants, LLP*

Martinsburg, West Virginia

dailyhvillmrg

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

201 E. Burke Street
P.O. Box 1207
Martinsburg, West Virginia 25402-1207
Phone: 304/263-0891 • Fax: 304/263-0997
E-Mail: cnhmba@intrepid.net

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Merger of Hedgesville Public Service District
and Opequon Public Service District
into Berkeley County Public Service District

CERTIFICATE OF ENGINEER

I, Richard E. Hurney, Registered Professional Engineer, West Virginia License No. 11155 of Chester Engineers, Martinsburg, West Virginia, hereby certify as follows:

1. Chester Engineers, has been retained as the Consulting Engineer for the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Resolutions adopted by The County Commission of Berkeley County and Berkeley County Public Service District.

2. To the best of my knowledge, information and belief, Berkeley County Public Service District has obtained, has taken the necessary steps to modify, or has transferred from the heretofore existing Hedgesville Public Service District and Opequon Public Service District, as necessary, all permits required by the laws of the State of West Virginia, the State of Maryland, and the United States of America necessary for the operation of the System as set forth on EXHIBIT A attached hereto.

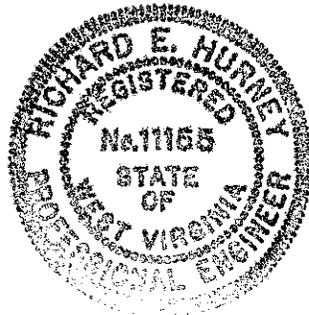
WITNESS my signature and seal on this 1st day of July, 2001.

CHESTER ENGINEERS

[SEAL]



Richard E. Hurney, P.E.
West Virginia License No. 11155



05/30/01

EXHIBIT A

PERMITS

Opequon

1. NPDES Individual Permit #WV0115550, Expiration Date: 9/28/05
2. WV State Emergency Response Commission
Annual Tier Two Filing
3. WV Bureau of Public Health
Kearneysville District Health Office, PWSID #3300218
4. MD Department of the Environment
Water Appropriations Division, Permit #WA53S100

Hedgesville

1. NPDES General Permit #WVG640044, Expiration Date: 8/27/05
2. WV State Emergency Response Commission
Annual Tier Two Filing
3. WV Bureau of Public Health
Kearneysville District Health Office, PWSID #3300225

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Merger of Hedgesville Public Service District
and Opequon Public Service District
into Berkeley County Public Service District

GENERAL CERTIFICATE OF DISTRICT AND ATTORNEY ON:

1. TERMS
2. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. RATES
10. PUBLIC SERVICE COMMISSION ORDERS
11. TAX COVENANTS
12. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Berkeley County Public Service District in Berkeley County, West Virginia (the "District"), and the undersigned COUNSEL to the District, hereby certify in connection with the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into the District, as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as set forth in the Resolution of the District duly adopted July 3, 2001 (the "Resolution").

2. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the District since the adoption of the Resolution.

There are outstanding obligations of the District (including those assumed from Hedgesville and Opequon, hereinafter collectively, the "Bonds") which are designated and have the lien positions with respect to the Net Revenues of the merged waterworks system of the District (the "System") as follows:

<u>Designation</u>	<u>Lien Position</u>
(1) Water Refunding Revenue Bonds, Series 1993 A (the "Series 1993 A Bonds")	First Lien
(2) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds")	First Lien
(3) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds")	Second Lien
(4) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds")	First Lien
(5) Water Revenue Bonds, Series 1994 (the "Series 1994 Bonds")	First Lien
(6) Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, S. 1996) (the "Series 1996 Bonds")	First Lien
(7) Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds")	First Lien
(8) Water Refunding Bond Anticipation Notes, Series 2001 (formerly Hedgesville Public Service District Water Refunding Bond Anticipation Notes, Series 2001) (the "Series 2001 Notes")	No Lien

The Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds and the Series 1997 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 Series 2001 Notes are not secured by the assets of the System or the Net Revenues thereof and are junior and subordinate to the First Lien Bonds and the Second Lien Bonds.

Other than the First Lien Bonds and the Second Lien Bonds, there are no outstanding bonds or obligations of the District which are secured by or payable from revenues or assets of the System. The District is in compliance with the covenants of the Bonds and the resolutions pursuant to which they were issued.

3. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the merger of Hedgesville and Opequon into the District, the assumption and re-designation of the bonds of Hedgesville and Opequon, the receipt of all assets of Hedgesville and Opequon, the operation of the System, or the collection of revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the District taken with respect to the merger, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds, or the existence or the powers of the District insofar as they relate to the merger, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues for payment of the Bonds.

4. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, orders and certificates required by law for the merger, the assumption of the Bonds and the receipt of all assets of Hedgesville and Opequon, and the operation of the System, including, without limitation, the imposition of rates and charges, have been duly and timely obtained and remain in full force and effect.

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

Orders of The County Commission of Berkeley County and the
Public Service Commission of West Virginia Related to the
Creation of Berkeley County Public Service District

Order of The County Commission of Berkeley County Proposing Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Dissolving Hedgesville Public Service District and Opequon Public Service District

Affidavit of Publication of Notice of Proposed Merger

Order of The County Commission of Berkeley County Merging Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Dissolving Hedgesville Public Service District and Opequon Public Service District

Public Service Commission Orders Approving Merger

Order of The County Commission of Berkeley County Approving and Ratifying Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, the Dissolution of Hedgesville Public Service District and Opequon Public Service District and Appointing Members of the Public Service Board of Berkeley County Public Service District

Resolution of Berkeley County Public Service District Authorizing and Ratifying Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Assumption of Bonds of Hedgesville Public Service District and Opequon Public Service District by Berkeley County Public Service District

Consent of West Virginia Water Development Authority to Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, Assumption of Bonds of Hedgesville Public Service District and Opequon Public Service District by Berkeley County Public Service District and Dissolution of Hedgesville Public Service District and Opequon Public Service District

Consent of Ambac Assurance Corporation to Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Assumption of Bonds of Hedgesville Public Service District and

Opequon Public Service District by Berkeley County Public Service District

Consent of Branch Banking and Trust Company to Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, Assumption of Bonds of Hedgesville Public Service District and Opequon Public Service District by Berkeley County Public Service District and Dissolution of Hedgesville Public Service District

Intercreditor Agreement among Berkeley County Public Service District, Ambac Assurance Corporation and the West Virginia Water Development Authority

Confirmatory Quitclaim Deed of Hedgesville Public Service District

Confirmatory Bill of Sale of Hedgesville Public Service District

Confirmatory Assignment of Rights of Way and Easements of Hedgesville Public Service District

Confirmatory Assignment of Judgments of Hedgesville Public Service District

Confirmatory Quitclaim Deed of Opequon Public Service District

Confirmatory Bill of Sale of Opequon Public Service District

Confirmatory Assignment of Rights of Way and Easements of Opequon Public Service District

Confirmatory Assignment of Judgments of Opequon Public Service District

Proforma and Projected Financial Statements of Berkeley County Public Service District of Cox Nichols Hollida, Certified Public Accountants and Consultants, LLP

Oaths of Office

Minutes of Organizational Meeting and on Adoption of Resolution

Rules of Procedure

Berkeley County Public Service District 1993 Bond Resolution,
Supplemental Resolution and Bond Counsel Opinion

Berkeley County Public Service District 1994 Bond Resolution,
Supplemental Resolution and Bond Counsel Opinion

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Berkeley County Public Service District." The District is a public service district and public corporation duly created by The County Commission of Berkeley County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the District is its Public Service Board consisting of 5 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
1. William T. Alexander, II	July 1, 2001	June 30, 2007
2. Calvin B. Dorsey	July 1, 2001	June 30, 2003
3. D. Wayne Dunham	July 1, 2001	June 30, 2003
4. Howard W. Collins	July 1, 2001	June 30, 2005
5. William L. Stubblefield	July 1, 2001	June 30, 2005

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the District for 2001, following the merger, are as follows:

Chairman	-	William T. Alexander, II
Vice-Chairman	-	Calvin B. Dorsey
Secretary	-	William L. Stubblefield
Treasurer	-	Howard W. Collins
Parliamentarian	-	D. Wayne Dunham

The duly appointed and acting counsel to the District is Martin & Seibert, L.C. of Martinsburg, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** The District currently possesses all land in fee simple and all rights-of-way and easements necessary for the operation and maintenance of the System and properties or interests in properties adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes.

8. **MEETINGS, ETC.:** All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the District in any way connected with the issuance or assumption of the Bonds or the merger were authorized or adopted at regular or special meetings of the Governing Body of the District duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **RATES:** The District has received the Final Order of the Public Service Commission of West Virginia entered on June 29, 2001, in Case No. 93-0637-PWD-CW, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has not expired prior to the date hereof. Such Order is, however, not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application. The District hereby states, and the other parties to such Order have stated, that they will not appeal such Order.

10. **PUBLIC SERVICE COMMISSION ORDERS:** The County Commission of Berkeley County has received the Commission Orders of the Public Service Commission of West Virginia entered on December 28, 2000 and April 26, 2001, in Case No. 00-0893-PWD-PC, approving the merger of Hedgesville and Opequon into the District. Such Orders are not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to original application.

11. **TAX COVENANTS:**

A. The District has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or which may not be relied upon by holders of obligations of the District or that there is any disqualification of the District by the Internal Revenue Service because a certification made by the District contains a material misrepresentation.

B. The District has not taken, or permitted or suffered to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code"). The District has not intentionally used any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The District will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes and will not take any action which would adversely affect such exclusion.

C. All property financed with the proceeds of the Bonds is and has been held for federal income tax purposes by (or on behalf of) a qualified governmental unit. The Bonds are not and have not been, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

D. The District has not permitted at any time any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of any of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of any of the Bonds as "private activity bonds" within the meaning of the Code.

E. The District has rebated to the United States of America the amounts, if any, required by the Code and taken all steps necessary to make such rebates.

F. The District has not taken, or permitted or suffered to be taken, any action which could cause, or failed or neglected to take any action, the result of such in action would be to cause, the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code. The District has complied with the provisions of the Code for which the effective date precedes the date of issuance of the Bonds. The District does not expect to sell or otherwise dispose of the System in whole or in part prior to the last maturity date of the Bonds and the System will be operated solely for a public purpose as a local governmental activity of the District.

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

WITNESS our signatures and the official seal of BERKELEY COUNTY
PUBLIC SERVICE DISTRICT on this 3rd day of July, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman



Secretary



Counsel to Berkeley County
Public Service District

06/26/01
067740/99004

HEDGESVILLE PUBLIC SERVICE DISTRICT

Merger of Hedgesville Public Service District
and Opequon Public Service District
into Berkeley County Public Service District

GENERAL CERTIFICATE OF DISTRICT AND ATTORNEY ON:

1. TERMS
2. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. RATES
10. TAX COVENANTS
11. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Hedgesville Public Service District in Berkeley County, West Virginia (the "District"), and the undersigned SPECIAL COUNSEL to the District, hereby certify in connection with the merger of the District and Opequon Public Service District ("Opequon") into Berkeley County Public Service District ("Berkeley"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as set forth in the Resolution of the District duly adopted June 28, 2001 (the "Resolution").

2. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District since the adoption of the Resolution. Special Counsel to the District makes no representation or affirmation as to this paragraph.

On the date hereof, pursuant to the merger, the following bonds of the District have been assigned to Berkeley:

(1) Water Revenue Bonds, Series 1993 A, dated March 8, 1993, issued in the original aggregate principal amount \$528,871,

(2) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of \$17,629,

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of \$667,158, and

(4) Water Refunding Bond Anticipation Notes, Series 2001, dated June 29, 2001, issued in the original aggregate amount of \$385,000 (collectively, the "Bonds").

3. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the merger of the District and Opequon into Berkeley, the assignment of the Bonds to Berkeley, the conveyance of all assets to Berkeley or the dissolution of the District following the merger, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the District taken with respect to the merger, the assignment of the Bonds, the conveyance of its assets or the dissolution of the District following the merger, or the existence or the powers of the District insofar as they relate to the merger, the assignment of the Bonds, the conveyance of its assets or the dissolution of the District following the merger. Special Counsel to the District makes the representations and affirmations in this paragraph only to the best of his knowledge, after reasonable inquiry.

4. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, orders and certificates required by law for the merger, the assignment of the Bonds, the conveyance of its assets and the dissolution of the District following the merger have been duly and timely obtained and remain in full force and effect.

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

Orders of The County Commission of Berkeley County and the
Public Service Commission of West Virginia Related to the
Creation of Hedgesville Public Service District

Order of The County Commission of Berkeley County Proposing Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Dissolving Hedgesville Public Service District and Opequon Public Service District

Affidavit of Publication of Notice of Proposed Merger

Order of The County Commission of Berkeley County Merging Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Dissolving Hedgesville Public Service District and Opequon Public Service District

Public Service Commission Orders Approving Merger

Order of The County Commission of Berkeley County Approving and Ratifying Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, the Dissolution of Hedgesville Public Service District and Opequon Public Service District and Appointing Members of the Public Service Board of Berkeley County Public Service District

Resolution of Hedgesville Public Service District Authorizing and Ratifying Merger of Hedgesville Public Service District into Berkeley County Public Service District, the Assignment of all Bonds and Conveyance of all Assets of Hedgesville Public Service District to Berkeley County Public Service District and the Dissolution of Hedgesville Public Service District

Consent of West Virginia Water Development Authority to Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, Assumption of Bonds of Hedgesville Public Service District and Opequon Public Service District by Berkeley County Public Service District and Dissolution of Hedgesville Public Service District and Opequon Public Service District

Consent of Branch Banking and Trust Company to Merger of Hedgesville Public Service District and Opequon Public Service

District into Berkeley County Public Service District, Assumption of Bonds of Hedgesville Public Service District and Opequon Public Service District by Berkeley County Public Service District and Dissolution of Hedgesville Public Service District

Confirmatory Quitclaim Deed of Hedgesville Public Service District

Confirmatory Bill of Sale of Hedgesville Public Service District

Confirmatory Assignment of Rights of Way and Easements of Hedgesville Public Service District

Confirmatory Assignment of Judgments of Hedgesville Public Service District

Specimen Hedgesville Public Service District Water Revenue Bond, Series 1993 A

Specimen Hedgesville Public Service District Water Revenue Bond, Series 1993 B

Specimen Hedgesville Public Service District Water Revenue Bond, Series 1996

Specimen Hedgesville Public Service District Water Refunding Bond Anticipation Note, Series 2001 A

Hedgesville Public Service District 1993 Bond Resolution, Supplemental Resolution and Bond Counsel Opinion

Hedgesville Public Service District 1996 Bond Resolution, Supplemental Resolution and Bond Counsel Opinion

Hedgesville Public Service District 2001 Note Resolution, Supplemental Resolution and Bond Counsel Opinion

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District was "Hedgesville Public Service District." The District was a public service district and public corporation duly created and dissolved by The County Commission of Berkeley County under the laws of the State of West Virginia. The governing body of the

District was its Public Service Board which consisted of three duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Boyd S. Butts	December 31, 1997	July 1, 2001
William T. Alexander	January 4, 1996	July 1, 2001
Gregory S. Rhoe		July 1, 2001

The duly elected, qualified and acting officers of the Public Service Board of the District for the calendar year 2001 are as follows:

Chairman	-	Boyd S. Butts
Secretary	-	William T. Alexander
Treasurer	-	Gregory S. Rhoe

The duly appointed and acting special counsel to the District for matters before the Public Service Commission of West Virginia is Robert R. Rodecker, in Charleston, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** On the date hereof, the District has conveyed and transferred to Berkeley, upon the consummation of the merger, all land in fee simple and all rights-of-way and easements necessary for the operation and maintenance of the System and properties or interests in properties adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. Special Counsel to the District makes no representation or affirmation as to this paragraph.

8. **MEETINGS, ETC.:** All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the District in any way connected with the issuance of the Bonds, the merger, the assignment of the Bonds to Berkeley, the conveyance of all assets to Berkeley or the dissolution of the District following the merger were authorized or adopted at regular or special meetings of the Governing Body of the District duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present and acting at

all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. RATES: The District has received the Final Order of the Public Service Commission of West Virginia entered on May 30, 1996, in Case No. 95-0992-PWD-CN, approving the rates and charges for the services of the System, and the District has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof without any appeal.

10. TAX COVENANTS:

A. The District has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or which may not be relied upon by holders of obligations of the District or that there is any disqualification of the District by the Internal Revenue Service because a certification made by the District contains a material misrepresentation.

B. The District has not taken, or permitted or suffered to be taken, any action with respect to the gross or other proceeds of the Prior Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code"). The District has not intentionally used any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code.

C. All property financed with the proceeds of the Bonds is and has been held for federal income tax purposes by (or on behalf of) a qualified governmental unit. The Bonds are not and have not been, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

D. The District has not permitted at any time any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of any of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of any of the Bonds as "private activity bonds" within the meaning of the Code.

E. The District has rebated to the United States of America the amounts, if any, required by the Code and taken all steps necessary to make such rebates.

F. The District has not taken, or permitted or suffered to be taken, any action which could cause, or failed or neglected to take any action, the result of such in action would be to cause, the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code. The District has complied with the provisions of the Code for which the effective date precedes the date of issuance of the Bonds.

Special Counsel to the District makes no representation or affirmation as to this paragraph.

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

WITNESS our signatures and the official seal of HEDGESVILLE PUBLIC SERVICE DISTRICT on this 1st day of July, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Boyd S. Burt

Chairman

William V. Reed

Secretary

Robert R. Rodula

Counsel to Hedgesville Public
Service District

06/26/01
0067740/99004

OPEQUON PUBLIC SERVICE DISTRICT

Merger of Hedgesville Public Service District
and Opequon Public Service District
into Berkeley County Public Service District

GENERAL CERTIFICATE OF DISTRICT AND ATTORNEY ON:

1. TERMS
2. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. RATES
10. TAX COVENANTS
11. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Opequon Public Service District in Berkeley County, West Virginia (the "District"), and the undersigned COUNSEL to the District, hereby certify in connection with the merger of Hedgesville Public Service District ("Hedgesville") and the District into Berkeley County Public Service District ("Berkeley"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as set forth in the Resolution of the District duly adopted June 28, 2001 (the "Resolution").

2. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District since the adoption of the Resolution.

On the date hereof, pursuant to the merger, the following bonds of the District have been assigned to Berkeley:

(1) Water Revenue Bonds, Series 1993, dated July 29, 1993, issued in the original aggregate principal amount \$10,257,957; and

(2) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of \$3,339,090 (collectively, the "Bonds").

3. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the merger of Hedgesville and the District into Berkeley, the assignment of the Bonds to Berkeley, the conveyance of all assets to Berkeley or the dissolution of the District following the merger; or in any way contesting or affecting the validity of the Bonds, or any proceedings of the District taken with respect to the merger, the assignment of the Bonds, the conveyance of its assets or the dissolution of the District following the merger, or the existence or the powers of the District insofar as they relate to the merger, the assignment of the Bonds, the conveyance of its assets or the dissolution of the District following the merger.

4. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, orders and certificates required by law for the merger, the assignment of the Bonds, the conveyance of its assets and the dissolution of the District following the merger have been duly and timely obtained and remain in full force and effect.

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

Orders of The County Commission of Berkeley County and the Public Service Commission of West Virginia Related to the Creation of Opequon Public Service District

Order of The County Commission of Berkeley County Proposing Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Dissolving Hedgesville Public Service District and Opequon Public Service District

Affidavit of Publication of Notice of Proposed Merger

Order of The County Commission of Berkeley County Merging Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District and Dissolving Hedgesville Public Service District and Opequon Public Service District

Public Service Commission Orders Approving Merger

Order of The County Commission of Berkeley County Approving and Ratifying Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, the Dissolution of Hedgesville Public Service District and Opequon Public Service District and Appointing Members of the Public Service Board of Berkeley County Public Service District

Resolution of Opequon Public Service District Authorizing and Ratifying Merger of Hedgesville Public Service District into Berkeley County Public Service District, the Assignment of all Bonds and Conveyance of all Assets of Opequon Public Service District to Berkeley County Public Service District and the Dissolution of Opequon Public Service District

Consent of West Virginia Water Development Authority to Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, Assumption of Bonds of Hedgesville Public Service District and Opequon Public Service District by Berkeley County Public Service District and Dissolution of Hedgesville Public Service District and Opequon Public Service District

Confirmatory Quitclaim Deed of Opequon Public Service District

Confirmatory Bill of Sale of Opequon Public Service District

Confirmatory Assignment of Rights of Way and Easements of Opequon Public Service District

Confirmatory Assignment of Judgments of Opequon Public Service District

Specimen Opequon Public Service District Water Revenue Bond, Series 1993

Specimen Opequon Public Service District Water Revenue Bond,
Series 1997

Opequon Public Service District 1993 Bond Resolution,
Supplemental Resolution and Bond Counsel Opinion

Opequon Public Service District 1997 Bond Resolution,
Supplemental Resolution and Bond Counsel Opinion

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the District was "Opequon Public Service District." The District was a public service district and public corporation duly created and dissolved by The County Commission of Berkeley County under the laws of the State of West Virginia. The governing body of the District was its Public Service Board which consisted of three duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Bruce Dorsey		July 1, 2001
Gerald Arndt		July 1, 2001
Karl J. Keller		July 1, 2001

The duly elected, qualified and acting officers of the Public Service Board of the District for the calendar year 2001 are as follows:

Chairman	-	Bruce Dorsey
Secretary	-	Gerald Arndt
Treasurer	-	Karl J. Keller

The duly appointed and acting counsel to the District is Hoy G. Shingleton, Jr., in Martinsburg, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** On the date hereof, the District has conveyed and transferred to Berkeley, upon the consummation of the merger, all land in fee simple and all rights-of-way and easements necessary for the operation and maintenance of the System and properties or interests in properties adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the District in any way connected with the issuance of the Bonds, the merger, the assignment of the Bonds to Berkeley, the conveyance of all assets to Berkeley or the dissolution of the District following the merger were authorized or adopted at regular or special meetings of the Governing Body of the District duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. RATES: The District has received the Final Order of the Public Service Commission of West Virginia entered on May 22, 1997, in Case No.96-0478-PWD-CN, approving the rates and charges for the services of the System, and the District has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof without any appeal.

10. TAX COVENANTS:

A. The District has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or which may not be relied upon by holders of obligations of the District or that there is any disqualification of the District by the Internal Revenue Service because a certification made by the District contains a material misrepresentation.

B. The District has not taken, or permitted or suffered to be taken, any action with respect to the gross or other proceeds of the Prior Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code"). The District has not intentionally used any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code.

C. All property financed with the proceeds of the Bonds is and has been held for federal income tax purposes by (or on behalf of) a qualified governmental unit. The Bonds are not and have not been, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

D. The District has not permitted at any time any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of any of the Bonds from treatment afforded by

Section 103(a) of the Code by reason of classification of any of the Bonds as "private activity bonds" within the meaning of the Code.

E. The District has rebated to the United States of America the amounts, if any, required by the Code and taken all steps necessary to make such rebates.

F. The District has not taken, or permitted or suffered to be taken, any action which could cause, or failed or neglected to take any action, the result of such in action would be to cause, the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code. The District has complied with the provisions of the Code for which the effective date precedes the date of issuance of the Bonds.

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

WITNESS our signatures and the official seal of OPEQUON PUBLIC SERVICE DISTRICT on this 1st day of July, 2001.

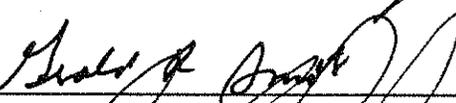
[CORPORATE SEAL]

SIGNATURE

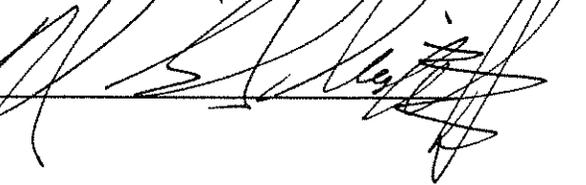
OFFICIAL TITLE



Chairman



Secretary



Counsel to Opequon Public
Service District

06/26/01
067740/99004



**WEST VIRGINIA
MUNICIPAL BOND COMMISSION**

RONALD C. STONE
State Tax Commissioner
Chairman

JOHN D. PERDUE
State Treasurer

GLEN B. GAINER III
State Auditor

Suite 500
8 Capitol Street
Charleston, West Virginia 25301
(304) 558-3971 / 72
FAX (304) 558-1280

LARRY CHAPMAN
Member

JOHN ROACH
Member

R. WITTER HALLAN
Executive Director

Status of Accounts
**BERKELEY COUNTY PSD
1993 & 1994 WATER REVENUE**

I) Account Balances: As of June 29, 2001

93-A Ref Revenue	\$95,665.00
93-A Ref Reserve	290,575.00
94 Revenue	90,049.20
94 Reserve	<u>180,148.00</u>
	\$ 656,437.20

Last Deposit: June 29, 2001
93-A Revenue \$ 15,977.47
94 Revenue \$ 8,588.42

II) Accounts Requirements: As of June 29, 2001

93-A Ref Revenue			
Monthly Deposits: 4 months x	23,916.25		\$ 95,665.00
93-A Ref Reserve			
Fully Funded			\$ 290,575.00
94 Revenue			
1/2 Principal Due 9/01		30,000.00	
+ Monthly Deposits: 4 months x	15,012.30 =	<u>60,049.20</u>	\$ 90,049.20
94 Reserve			
Fully Funded			\$ 180,148.00

III) Account Status: As of June 29, 2001

	Balance	Requirement	Deficiency
93-A Ref Revenue	\$95,665.00	\$ 95,665.00	\$ -
93-A Ref Reserve	290,575.00	290,575.00	-
94 Revenue	90,049.20	90,049.20	-
94 Reserve	<u>180,148.00</u>	<u>180,148.00</u>	-
	\$ 656,437.20	\$ 656,437.20	\$ -

Certified

Sara Boardman

Sara Boardman
Accountant

6/29/2001



**WEST VIRGINIA
MUNICIPAL BOND COMMISSION**

RONALD C. STONE
State Tax Commissioner
Chairman

JOHN D. PERDUE
State Treasurer

GLEN B. GAINER III
State Auditor

Suite 500
8 Capitol Street
Charleston, West Virginia 25301
(304) 558-3971 / 72
FAX (304) 558-1280

LARRY CHAPMAN
Member

JOHN ROACH
Member

R. WITTER HALLAN
Executive Director

**Status of Accounts
OPEQUON PSD**

1993 & 1997 WATER REVENUE

I) Account Balances: As of June 22, 2001

93 Revenue	\$308,000.50
93 Reserve	546,381.87
97 Revenue	210,766.14
97 Reserve	71,443.22
	<u>\$ 1,136,591.73</u>

Last Deposit: June 22, 2001

93 Revenue	\$ 62,601.48
93 Reserve	\$ 6,260.15
97 Revenue	\$ 13,741.11
97 Reserve	\$ 1,374.11

II) Accounts Requirements: As of June 22, 2001

93 Revenue			
1/2 Principal due 10/01		43,510.65	
+ Monthly Deposits: 3 months	x	62,601.48	= <u>187,804.44</u>
			\$ 231,315.09
93 Reserve			
Monthly Deposits: 67 months	x	6,260.15	\$ 419,430.05
97 Revenue			
Monthly Deposits: 1 month	x	13,741.11	\$ 13,741.11
97 Reserve			
Monthly Deposits: 46 months	x	1,374.11	\$ 63,209.06

III) Account Status: As of June 22, 2001

	Balance	Requirement	Surplus
93 Revenue	\$308,000.50	\$ 231,315.09	\$76,685.41
93 Reserve	546,381.87	419,430.05	126,951.82
97 Revenue	210,766.14	13,741.11	197,025.03
97 Reserve	71,443.22	63,209.06	8,234.16
	<u>\$ 1,136,591.73</u>	<u>\$ 727,695.31</u>	<u>\$ 408,896.42</u>

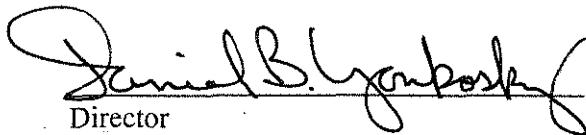
Certified

Sara Boardman

Sara Boardman

The Authority, in reliance upon the consent of Ambac Assurance Corporation, a copy of which is attached hereto, hereby agrees and affirms that, upon their assumption, the Berkeley County Public Service District Water Revenue Bonds, Series 1993 B, Series 1993 D, Series 1996 and Series 1997 Bonds (collectively, the "First Lien Assumed Bonds") shall have a first lien on the Net Revenues of the System and a statutory mortgage lien on the System, on a parity in all respects with the Berkeley County Public Service District Water Revenue Bonds, Series 1993 A and Series 1994 (the "Prior Berkeley Bonds"), while the lien on the Net Revenues of the System and the statutory mortgage lien of the Berkeley County Public Service District Water Revenue Bonds, Series 1993 C, shall be junior and subordinate in all respects to the Prior Berkeley Bonds and the First Lien Assumed Bonds.

This consent is effective as of July 1, 2001, subject to the delivery of the opinion of Steptoe & Johnson PLLC as bond counsel. Capitalized terms used but not defined herein have the meanings set forth in the Resolution of Berkeley County Public Service District adopted July 3, 2001.


Director

06/28/01
067740.99004

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
212.208.3432 Fax: 212.480.3682
psantry@ambac.com

A member of Amstar Financial Group, Inc.

Phyllis A. Santry
First Vice President
Public Finance, Portfolio Risk Management

July 1, 2001

Consent to Merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for Ambac Assurance Corporation ("Ambac"), as issuer of municipal bond insurance policies nos. 8159BE and 10655BE, relating to the Water Refunding Revenue Bonds, Series 1993 A, and Water Revenue Bonds, Series 1994, of Berkeley County Public Service District (collectively, the "Insured Bonds"), hereby consents to the following: (i) the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District; (ii) the assumption by Berkeley County Public Service District of the bonds of Hedgesville Public Service District, being said District's Water Revenue Bonds, Series 1993 A, Water Revenue Bonds, Series 1993 B, and Water Revenue Bonds, Series 1996, and the bonds of Opequon Public Service District, being said District's Water Revenue Bonds, Series 1993 and Water Revenue Bonds, Series 1997 (collectively, the "Assumed Bonds"); and (iii) the re-designation of the Assumed Bonds as follows:

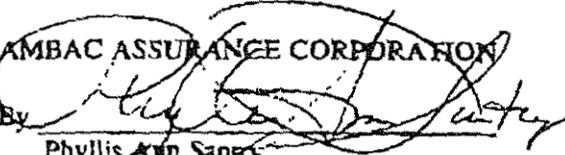
1. Hedgesville Series 1993 A Bonds - Berkeley County Public Service District Water Revenue Bonds, Series 1993 B,
2. Hedgesville Series 1993 B Bonds - Berkeley County Public Service District Water Revenue Bonds, Series 1993 C,
3. Opequon Series 1993 Bonds - Berkeley County Public Service District Water Revenue Bonds, Series 1993 D,
4. Hedgesville Series 1996 Bonds - Berkeley County Public Service District Water Revenue Bonds, Series 1996, and
5. Opequon Series 1997 Bonds - Berkeley County Public Service District Water Revenue Bonds, Series 1997.

CH441450.2

Ambac

Ambac hereby agrees and affirms that, upon their assumption, the Berkeley County Public Service District Water Revenue Bonds, Series 1993 B, Series 1993 D, Series 1996 and Series 1997 Bonds (collectively, the "First Lien Assumed Bonds") shall have a first lien on the Net Revenues of the System and a statutory mortgage lien on the System, on a parity in all respects with the Insured Bonds, while the lien on the Net Revenues of the System and the statutory mortgage lien of the Berkeley County Public Service District Water Revenue Bonds, Series 1993 C, shall be junior and subordinate in all respects to the Insured Bonds and the First Lien Assumed Bonds.

Ambac

AMBAC ASSURANCE CORPORATION
By 
Phyllis Ann Sauer

Its First Vice President

05/30/01
067744/99004
CH441450.2

[LETTERHEAD OF BRANCH BANKING AND TRUST COMPANY]

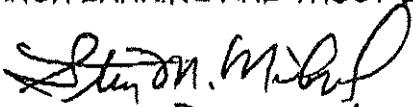
July 1, 2001

Consent to Merger of Hedgesville Public Service District
and Opequon Public Service District
into Berkeley County Public Service District

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for Branch Banking and Trust Company, the registered owner of the entire outstanding aggregate principal amount of Hedgesville Public Service District's Water Refunding Bond Anticipation Notes, Series 2001 (the "Series 2001 Notes"), hereby consents to: (i) the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District; (ii) the assumption by Berkeley County Public Service District of the outstanding bonds of Hedgesville Public Service District and Opequon Public Service District, specifically including, but not limited to, the Series 2001 Notes; (iii) the re-designation of the Series 2001 Notes as the "Berkeley County Public Service District Water Refunding Bond Anticipation Notes, Series 2001"; and (iv) the dissolution of Hedgesville Public Service District.

BRANCH BANKING AND TRUST COMPANY

By: 
Its: Vice President

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of June, 2001.

CASE NO. 01-0802-PWD-PC

HEDGESVILLE PUBLIC SERVICE DISTRICT

Petition for consent and approval of a bridge loan from Branch Banking and Trust.

COMMISSION ORDER

On June 13, 2001, Hedgesville Public Service District (District) filed a petition for consent and approval of a bridge loan from Branch Banking and Trust Company (BB&T) in the amount of \$385,000 with a repayment term of six (6) months, to be renewed as needed by the District, at an annual percentage rate of 4.27%. The purpose of the bridge loan is to retire the District's Series 1976 bonds held by Rural Utility Service (RUS) prior to the merger of the District with and into the Berkeley County Public Service District (BCPSD). The District prefers to retire the RUS bonds prior to the merger rather than risking a delay that could result if the District must obtain RUS's consent to the merger.

The District proposes to issue Water Refunding Bond Anticipation Notes (BANS) and then sell the BANS to BB&T. The petition states that after the merger BCPSD will pay off the bridge loan with new permanent financing from the West Virginia Water Development Authority (WDA).

The petition further notes that the Commission approved the merger of the District and BCPSD in Case No. 00-0893-PWD-PC and the merger is scheduled to close on or before July 1, 2001. The District requested that the Commission waive the requirement that the District file a financial exhibit pursuant to Rule 42 of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules) and provide expedited treatment to this petition.

Included with the District's petition were copies of the commitment letter from BB&T dated June 5, 2001, and the resolution of the District's board of directors regarding this proposal.

On June 18, 2001, Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum regarding this petition. Staff notes that the District will not incur any immediate costs associated with the proposed bridge loan other than BANS issuance costs to be paid out of cash on hand. The District's rates will not be affected. Staff agrees with the District that the Commission should waive the Tariff Rule 42 requirement because Staff recently completed an audit of both the District and BCPSD. Staff further notes that costs associated with this borrowing were included in the merger plan and rate analysis approved by the Commission in Case No. 00-0893-PWD-PC. Accordingly, Staff recommends that the Commission grant this petition on an expedited basis.

DISCUSSION

To avoid the potential delay that could result if the District is required to obtain RUS's consent to its merger with BCPSD, it is reasonable and appropriate for the District to immediately retire its Series 1976 bonds held by RUS. The terms of the BB&T bridge loan are reasonable and the loan is temporary in that after the merger, BCPSD expects to obtain financing from the WDA for a future project in an amount that will be sufficient to pay the bridge loan. The District's request for a waiver of Tariff Rule 42 should be granted and the District's petition for approval of the BB&T bridge loan should be granted on an expedited basis to allow the merger with BCPSD to proceed on or before July 1, 2001.

FINDINGS OF FACT

1. The Commission approved a merger of the District and BCPSD in Case No. 00-0893-PWD-PC.
2. The District proposes to retire its Series 1976 bonds owned by RUS prior to the District's merger with BCPSD to avoid the potential delay that could result if the District must obtain RUS's consent to the merger.
3. The District proposes to retire its Series 1976 bonds with the proceeds of a bridge loan from BB&T in the amount of \$385,000 with a repayment term of six (6) months, to be renewed as needed by the District, at an annual percentage rate of 4.27%.
4. The District proposes to issue BANS and then sell the BANS to BB&T.

5. After the merger BCPSD proposes to pay off the bridge loan with new permanent financing from the West Virginia Water Development Authority (WDA).

CONCLUSIONS OF LAW

1. To avoid the potential delay that could result if the District is required to obtain RUS's consent to its merger with BCPSD, it is reasonable and appropriate for the District to immediately retire its Series 1976 bonds held by RUS.

2. The District should be authorized to take out a bridge loan from BB&T in the amount of \$385,000 with a repayment term of six (6) months, to be renewed as needed by the District, at an annual percentage rate of 4.27%, for the purpose of issuing the BANS and retiring the Series 1976 bonds..

3. It is reasonable and appropriate to grant the District a waiver of Tariff Rule 42 with regard to this petition and to grant this petition on an expedited basis to allow the merger with BCPSD to proceed on or before July 1, 2001.

ORDER

IT IS THEREFORE ORDERED that the requirements of Tariff Rule 42 are hereby waived in connection with this petition and the District's request for expedited treatment is hereby granted.

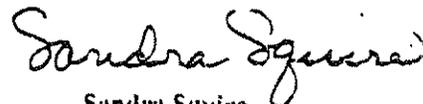
IT IS FURTHER ORDERED that the District is hereby authorized to issue BANS for the purpose of retiring its Series 1976 bonds held by RUS, and to take out a bridge loan from BB&T in the amount of \$385,000 with a repayment term of six (6) months, to be renewed as needed by the District, at an annual percentage rate of 4.27%.

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

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

JML/ljm
010802c.wpd

A True Copy. Tester:


Sandra Squire
Executive Secretary

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Merger of Hedgesville Public Service District and
Opequon Public Service District into
Berkeley County Public Service District

INTERCREDITOR AGREEMENT

This Intercreditor Agreement, made as of this 1st day of July, 2001, by and among Berkeley County Public Service District (hereinafter "Berkeley"), a public corporation and political subdivision of the State of West Virginia, Ambac Assurance Corporation (hereinafter "Ambac"), a Wisconsin Stock Insurance Company, and the West Virginia Water Development Authority (hereinafter "WDA"), an agency of the State of West Virginia.

WHEREAS, Berkeley issued its Water Refunding Revenue Bonds, Series 1993 A (the "Series 1993 A Bonds"), dated March 1, 1993, in the original aggregate principal amount of \$3,350,000, pursuant to a Bond Resolution adopted by the Public Service Board of Berkeley on March 4, 1993, which Series 1993 A Bonds are currently insured by Ambac pursuant to policy number 8159BE;

WHEREAS, Berkeley issued its Water Revenue Bonds, Series 1994 (the "Series 1994 Bonds"), dated September 1, 1994, in the original aggregate principal amount of \$2,275,000, pursuant to a Bond Resolution adopted by the Public Service Board of Berkeley on October 13, 1994, which Series 1994 Bonds were issued on a parity with the Series 1993 A Bonds and which Series 1994 Bonds are currently insured by Ambac pursuant to policy number 10655BE;

WHEREAS, The County Commission of Berkeley County, West Virginia, a public corporation and political subdivision of the State of West Virginia, pursuant to the authority granted to it by §16-13A-2 of the West Virginia Code, in accordance with the procedures set forth in §16-13A-2, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into Berkeley and the dissolution of Hedgesville and Opequon, subject to the approval of the Public Service Commission of West Virginia;

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

WHEREAS, pursuant to the Bond Resolutions adopted by the Public Service Board of Berkeley in connection with the issuance of the Series 1993 A Bonds and Series 1994 Bonds, Berkeley granted statutory mortgage liens upon its water system (the "Berkeley Water System") to the holders of the Series 1993 A Bonds and the Series 1994 Bonds, and pledged the net revenues of the Berkeley Water System to the holders of the Series 1993 A Bonds and the Series 1994 Bonds, all on a pro rata basis;

WHEREAS, Ambac, as the Insurer of the Series 1993 A Bonds and Series 1994 Bonds, has the authority pursuant to the Bond Resolutions authorizing such bonds to consent to certain actions of Berkeley, including the merger of other entities into Berkeley;

WHEREAS, Hedgesville issued its Water Revenue Bonds, Series 1993 A, dated March 8, 1993, in the original aggregate principal amount of \$528,871 (the "Hedgesville Series 1993 A Bonds"), pursuant to a Bond Resolution adopted by the Public Service Board of Hedgesville on March 5, 1993, which Hedgesville Series 1993 A Bonds are currently held by WDA;

WHEREAS, Hedgesville issued its Water Revenue Bonds, Series 1993 B, dated March 8, 1993, in the original aggregate principal amount of \$17,629 (the "Hedgesville Series 1993 B Bonds"), pursuant to a Bond Resolution adopted by the Public Service Board of Hedgesville on March 5, 1993, which Hedgesville Series 1993 B Bonds were issued junior to the Hedgesville Series 1993 A Bonds and which Hedgesville Series 1993 B Bonds are currently held by WDA;

WHEREAS, Hedgesville issued its Water Revenue Bonds, Series 1996, dated August 6, 1996, in the original aggregate principal amount of \$677,158 (the "Hedgesville Series 1996 Bonds"), pursuant to a Bond Resolution adopted by the Public Service Board of Hedgesville on August 5, 1996, which Hedgesville Series 1996 Bonds were issued on a parity with the Hedgesville Series 1993 A Bonds and senior and prior to the Hedgesville Series 1993 B Bonds and which Hedgesville Series 1996 Bonds are currently held by WDA;

WHEREAS, Hedgesville issued its Water Refunding Bond Anticipation Notes, Series 2001 A, dated June 29, 2001, in the principal sum of \$395,000 (the "Hedgesville Series 2001 A Notes"), pursuant to a Note Resolution adopted by the Public Service Board of Hedgesville on June 29, 2001, which Hedgesville Series 2001 A Notes do not have a lien on the Net Revenues of the System and which Hedgesville Series 2001 A Notes are currently held by Branch Banking and Trust Company ("BB&T");

WHEREAS, pursuant to the Bond Resolutions adopted by the Public Service Board of Hedgesville in connection with the issuance of its Hedgesville Series 1993 A Bonds, Hedgesville Series 1993 B Bonds and Hedgesville Series 1996 Bonds, Hedgesville granted statutory mortgage liens upon its water system (the "Hedgesville Water System") and pledged the net revenues of the Hedgesville Water System to WDA, on a parity with respect to the Hedgesville Series 1993 A Bonds and Hedgesville Series 1996 Bonds, and senior and prior to the Hedgesville Series 1993 B Bonds;

WHEREAS, Opequon issued its Water Revenue Bonds, Series 1993, dated July 29, 1993, in the original aggregate principal amount of \$10,257,957 (the "Opequon Series 1993 Bonds"), pursuant to a Bond Resolution adopted by the Public Service Board of Opequon on July 28, 1993, which Opequon Series 1993 Bonds are currently held by WDA;

WHEREAS, Opequon issued its Water Revenue Bonds, Series 1997, dated June 25, 1997, in the original aggregate principal amount of \$3,339,090 (the "Opequon Series 1997 Bonds"), pursuant to a Bond Resolution adopted by the Public Service Board of Opequon on June 25, 1997, which Opequon Series 1997 Bonds were issued on a parity with the Opequon Series 1993 Bonds and which Opequon Series 1997 Bonds are currently held by WDA;

WHEREAS, pursuant to the Bond Resolutions adopted by the Public Service Board of Opequon in connection with the issuance of its Opequon Series 1993 Bonds and Opequon Series 1997 Bonds, Opequon granted statutory mortgage liens upon its water system (the "Opequon Water System") and pledged the net revenues of the Opequon Water System to WDA, on a parity with respect to the Opequon Series 1993 Bonds and Opequon Series 1997 Bonds;

WHEREAS, pursuant to the Resolution adopted by the Public Service Board of Berkeley on June 2, 2001, Berkeley authorized and ratified the merger of Hedgesville and Opequon into Berkeley, the assumption of the bonds of Hedgesville and Opequon by Berkeley and the re-designation of such bonds as follows:

1. Berkeley County Public Service District Water Revenue Bonds, Series 1993 B (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds");
2. Berkeley County Public Service District Water Revenue Bonds, Series 1993 C (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds");
3. Berkeley County Public Service District Water Revenue Bonds, Series 1993 D (Formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds");

4. Berkeley County Public Service District Water Revenue Bonds, Series 1996 (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds");
5. Berkeley County Public Service District Water Revenue Bonds, Series 1997 (Formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds"); and
6. Berkeley County Public Service District Water Refunding Bond Anticipation Notes, Series 2001 A (Formerly Hedgesville Public Service District Water Refunding Bond Anticipation Notes, Series 2001 A) (the "Series 2001 A Notes");

WHEREAS, BB&T has approved the merger of Hedgesville and Opequon into Berkeley, the assumption of the outstanding bonds of Hedgesville by Berkeley, the re-designation of the Hedgesville Series 2001 A Notes and the dissolution of Hedgesville; and

WHEREAS, Ambac and WDA have approved the merger of Hedgesville and the Opequon into Berkeley, the assumption of the outstanding bonds of Hedgesville and Opequon by Berkeley, the re-designation of the Hedgesville Series 1993 A Bonds, Hedgesville Series 1993 B Bonds, Hedgesville Series 1996 Bonds, Hedgesville Series 2001 A Notes, Opequon Series 1993 Bonds and Opequon Series 1997 Bonds and the dissolution of Hedgesville and Opequon.

NOW, THEREFORE, WITNESSETH, that in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. All provisions of this agreement shall apply notwithstanding the date, time, manner or order in which any of the statutory mortgage liens and/or pledges of the net revenues of the Berkeley Water System, the Hedgesville Water System and the Opequon Water System (collectively, the "Water System") were attached or perfected.

2. Berkeley, Ambac and WDA hereby agree that the Series 1993 A Bonds, Series 1993 B Bonds, Series 1993 D Bonds, Series 1994 Bonds, Series 1996 Bonds and Series 1997 Bonds (collectively, the "First Lien Bonds") shall share a pro rata first lien upon the Water System and the net revenues therefrom, while the Series 1993 C Bonds shall have a lien upon the Water System and the net revenues therefrom which is subordinate to the lien of the First Lien Bonds. The Series 2001 A Notes are not secured by the Water System or the net revenues thereof.

3. Berkeley hereby covenants, warrants and represents that no liens have attached to the Water System other than those statutory mortgage liens and revenue pledges stated hereinabove.

4. This agreement shall be binding upon, and inure to the benefit of, the parties hereto, and their respective successors and assigns.

5. This agreement shall be governed and construed in accordance with the laws of the State of West Virginia.

6. This agreement and the terms hereof shall not be modified or amended except in writing signed by all the parties hereto.

7. Any notice or other communication in connection with this agreement, if by registered or certified mail, shall be deemed to have been sufficiently given and received by the party to whom directed, or if by mail, but not by registered or certified mail, when deposited in the mail, postage prepaid, addressed to a party hereto as provided below (or such other address as such party shall specify in writing to the other party hereto):

If to Berkeley at: Berkeley County Public Service District
Route 26, Runnymede Road
Bunker Hill, West Virginia 25413
Attention: Chairman

If to WDA at: Water Development Authority
180 Association Drive
Charleston, West Virginia 25311
Attention: Director

If to Ambac at: Attention: General Counsel
Legal Department
Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in multiple counterparts, each of which shall constitute and be but one and the same, on the day and year first hereinabove written.

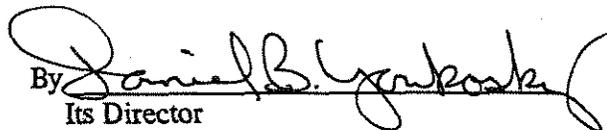
BERKELEY COUNTY PUBLIC SERVICE
DISTRICT

By 
Its Chairman

AMBAC ASSURANCE CORPORATION

By _____
Its Duly Authorized Representative

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By 
Its Director

ACKNOWLEDGED:

BRANCH BANKING & TRUST COMPANY

By: _____
Its Duly Authorized Representative

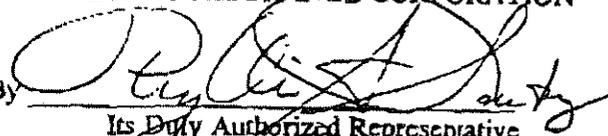
06/26/01
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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in multiple counterparts, each of which shall constitute and be but one and the same, on the day and year first hereinabove written.

BERKELEY COUNTY PUBLIC SERVICES DISTRICT

By _____
Its Chairman

AMBAC ASSURANCE CORPORATION

By 
Its Duly Authorized Representative

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By _____
Its Director

ACKNOWLEDGED:

BRANCH BANKING & TRUST COMPANY

By: _____
Its Duly Authorized Representative

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in multiple counterparts, each of which shall constitute and be but one and the same, on the day and year first hereinabove written,

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By _____
Its Chairman

AMBAC ASSURANCE CORPORATION

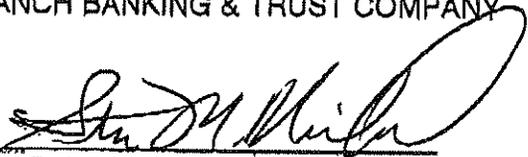
By _____
Its Duly Authorized Representative

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By _____
Its Director

ACKNOWLEDGED:

BRANCH BANKING & TRUST COMPANY

By: 
Its Duly Authorized Representative

06/26/01
067440.99004

COPY

15956

CONFIRMATORY QUITCLAIM DEED
OF HEDGESVILLE PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY QUITCLAIM DEED, made this 1st day of July, 2001, by and between Hedgesville Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part;

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

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

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service District have approved the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, and the Public

Service Board of Hedgesville Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Quitclaim Deed to evidence the transfer of all right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, owned by Hedgesville Public Service District to Berkeley County Public Service District.

NOW, THEREFORE, in consideration of said merger and the premises and One Dollar (\$1.00), cash in hand paid, the receipt of which is hereby acknowledged, the party of the first part does hereby GRANT and CONVEY unto the party of the second part all of its right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, situate in Berkeley County, West Virginia.

This conveyance is made subject to all exceptions, reservations, restrictions, easements, conditions and rights-of-way contained or mentioned in prior instruments of record affecting the subject property.

The undersigned party of the first part hereby declares that this conveyance is not subject to the West Virginia Excise Tax on the privilege of transferring real property because it is a conveyance from one political subdivision of the State of West Virginia to another political subdivision of the State of West Virginia.

IN WITNESS WHEREOF, said Hedgesville Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

HEDGESVILLE PUBLIC SERVICE DISTRICT

By Boyd S. Butts
Its Chairman

This document was prepared by:

Stephoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

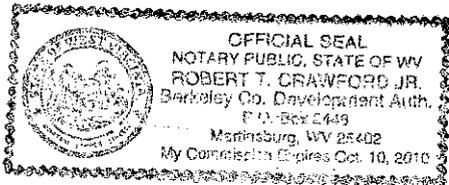
06/27/01
067740/99004

STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford, Jr., a Notary Public in and for the County and State aforesaid, do certify that Boyd S. Butts, who signed the writing hereto annexed, bearing date the 1st day of July, 2001, for HEDGESVILLE PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 28th day of June, 2001.

My commission expires Oct 10, 2010.



Robert T. Crawford Jr.
Notary Public

BERKELEY COUNTY, WV
FILED
July 06, 2001 13:58:24
JOHN W. SMALL JR.
COUNTY CLERK
TRANSACTION NO: 2001015916
BOOK OF DEEDS
Book: 00672 Page: 00490



COPY

15918

CONFIRMATORY BILL OF SALE OF
HEDGESVILLE PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY BILL OF SALE, made this 1st day of July, 2001, by and between Hedgesville Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Seller," and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Purchaser;"

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

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

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service District have approved the merger of Hedgesville Public Service District and Opequon Public Service District into the Berkeley County Public Service District, and the Public

Service Board of Hedgesville Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Bill of Sale to evidence the transfer of all personal property, tangible or intangible, and interests in personal property, of Hedgesville Public Service District to Berkeley County Public Service District.

WITNESSETH, that for the sum of One and 00/100 Dollar (\$1.00), cash in hand paid by the Purchaser to the Seller, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, assign, transfer, set over and deliver to Purchaser all personal property, including, but not limited to, all inventory, accounts receivable, deposit accounts, certificates of deposit, other evidences of indebtedness of a third party to the Seller, claims, causes of action, agreements, including, but not limited to, any indemnification agreements, contracts, equipment, supplies, vehicles, furniture, fixtures, furnishings, improvements, and any other tangible or intangible personal property, and any interest in personal property owned by the Seller, wherever located and of whatever nature.

Seller hereby warrants to Purchaser that Seller has clear and unencumbered title to the personal property transferred by this Bill of Sale, except for the lien of the holders of the Seller's Water Revenue Bonds, Series 1993 A, dated March 8, 1993, Water Revenue Bonds, Series 1993 B, dated March 8, 1993, and Water Revenue Bonds, Series 1996, dated August 6, 1996, (collectively, the "Bonds"), which Bonds are being assumed by the Purchaser.

The Seller shall deliver possession of the aforesaid personal property to Purchaser on the date of this Bill of Sale.

IN WITNESS WHEREOF, said Hedgesville Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

HEDGESVILLE PUBLIC SERVICE DISTRICT

By Boyd S. Butler
Its Chairman

This instrument prepared by:

Steptoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

06/27/01
067740/99004

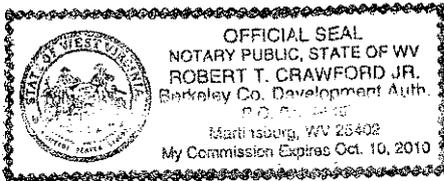
STATE OF WEST VIRGINIA,

COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford, Jr., a Notary Public in and for the County and State aforesaid, do certify that Boyd S. Butts, who signed the writing hereto annexed, bearing date the 1st day of July, 2001, for HEDGESVILLE PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 28th day of June, 2001.

My commission expires Oct. 10, 2010



Robert T. Crawford
Notary Public

BERKELEY COUNTY, WV
FILED
July 06, 2001 14:02:43
JOHN W. SMALL JR.
COUNTY CLERK
TRANSACTION NO: 2001015918
BOOK OF DEEDS
Book: 00672 Page: 00494



COPY

15920

CONFIRMATORY ASSIGNMENT OF RIGHTS OF WAY AND
EASEMENTS OF HEDGESVILLE PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY ASSIGNMENT OF RIGHTS OF WAY AND EASEMENTS, made this 1st day of July, 2001, by and between Hedgesville Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Assignor," and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Assignee;"

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

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

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service

District have approved the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, and the Public Service Board of Hedgesville Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Assignment of Rights of Way and Easements to evidence the transfer of all right, title and interest in and to any and all rights of way and easements owned by, or reserved to, Hedgesville Public Service District to Berkeley County Public Service District.

WITNESSETH, that for the sum of One and 00/100 Dollar (\$1.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby assign, transfer, set over and deliver to Assignee all of its right, title and interest in any and all rights of way and easements owned by, or reserved to, Hedgesville Public Service District, including all of those conveyed to the Assignor by conveyances of record in the Office of the Clerk of The County Commission of Berkeley County, West Virginia, by Water User Agreements or by any other conveyances, recorded or unrecorded, without limitation.

IN WITNESS WHEREOF, said Hedgesville Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

HEDGESVILLE PUBLIC SERVICE DISTRICT

By Boyd S. Butler
Its Chairman

This instrument prepared by:

Stephoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

05/29/01
067740.99003

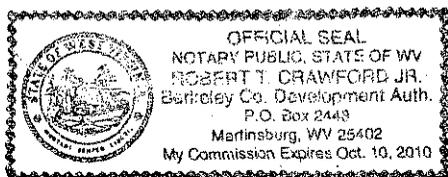
STATE OF WEST VIRGINIA,

COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford, Jr, a Notary Public in and for the County and State aforesaid, do certify that Boyd S. Butts, who signed the writing hereto annexed, bearing date the 1st day of July, 2001, for HEDGESVILLE PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 28th day of June, 2001.

My commission expires Oct 10, 2010.



Robert T. Crawford Jr
Notary Public

BERKELEY COUNTY, WV

FILED

July 06, 2001 14:06:00

JOHN W. SMALL JR.

COUNTY CLERK

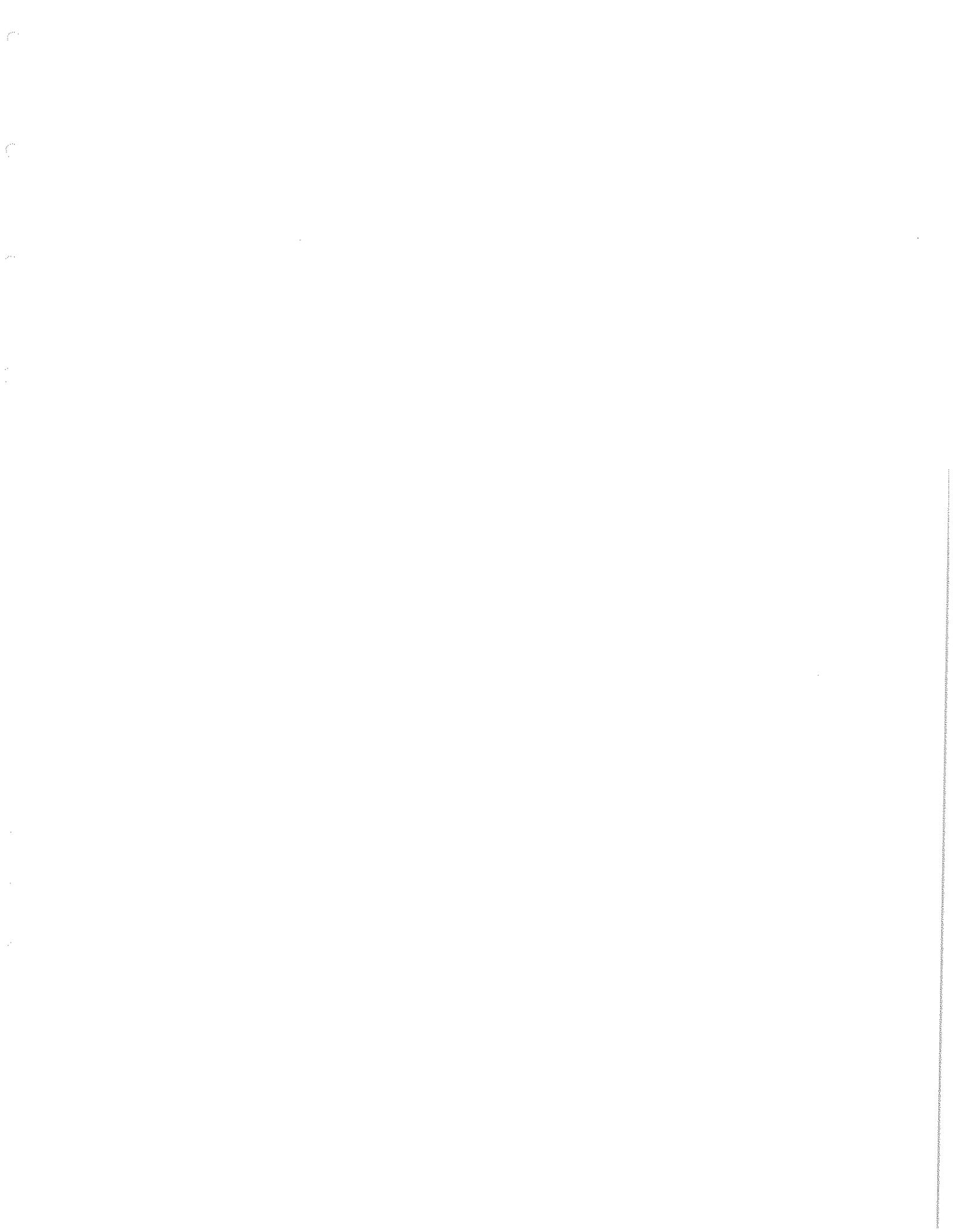
TRANSACTION NO: 2001015920

BOOK OF DEEDS

Book: 00672 Page: 00505

REPRINTED DN: 07/06/2001





COPY

15922

CONFIRMATORY ASSIGNMENT OF JUDGMENTS
OF HEDGESVILLE PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY ASSIGNMENT OF JUDGMENTS, made this 1st day of July, 2001, by and between Hedgesville Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Assignor," and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Assignee;"

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 00-00893-PWD-PC, by Commission Orders entered on December 28, 2000 and April 26, 2001, approved the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District; and

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service District have approved the merger of Hedgesville Public Service District and Opequon

Public Service District into Berkeley County Public Service District and the Public Service Board of Hedgesville Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Assignment of Judgments to evidence the transfer of all right, title and interest in and to any and all judgments obtained in the course of collecting debts due Hedgesville Public Service District to Berkeley County Public Service District.

WITNESSETH, that for the sum of One and 00/100 Dollar (\$1.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby assign, transfer, set over and deliver to Assignee all of its right, title and interest in and to any and all judgments obtained in the course of collecting debts due Hedgesville Public Service District.

IN WITNESS WHEREOF, said Hedgesville Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

HEDGESVILLE PUBLIC SERVICE DISTRICT

By *Boyd S. Butler*
Its Chairman

This instrument prepared by:

Stephoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

05/30/01
067740.99004

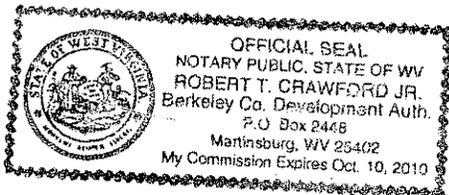
STATE OF WEST VIRGINIA,

COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford, Jr., a Notary Public in and for the County and State aforesaid, do certify that Boyd S. Butts, who signed the writing hereto annexed, bearing date the 1st day of July, 2001, for HEDGESVILLE PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 28th day of June, 2001.

My commission expires Oct 10, 2010.



Robert T. Crawford Jr.
Notary Public

BERKELEY COUNTY, WV

FILED

July 06, 2001 14:07:51

JOHN W. SMALL JR.

COUNTY CLERK

TRANSACTION NO: 2001015922

BOOK OF DEEDS

Book: 00672 Page: 00509

REPRINTED ON: 07/06/2001





COPY

15923

CONFIRMATORY QUITCLAIM DEED
OF OPEQUON PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY QUITCLAIM DEED, made this 1st day of July, 2001, by and between Opequon Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part;

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

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

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service District have approved the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, and the Public

Service Board of Opequon Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Quitclaim Deed to evidence the transfer of all right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, owned by Opequon Public Service District to Berkeley County Public Service District.

NOW, THEREFORE, in consideration of said merger and the premises and One Dollar (\$1.00), cash in hand paid, the receipt of which is hereby acknowledged, the party of the first part does hereby GRANT and CONVEY unto the party of the second part all of its right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, situate in Berkeley County, West Virginia.

This conveyance is made subject to all exceptions, reservations, restrictions, easements, conditions and rights-of-way contained or mentioned in prior instruments of record affecting the subject property.

The undersigned party of the first part hereby declares that this conveyance is not subject to the West Virginia Excise Tax on the privilege of transferring real property because it is a conveyance from one political subdivision of the State of West Virginia to another political subdivision of the State of West Virginia.

IN WITNESS WHEREOF, said Opequon Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

OPEQUON PUBLIC SERVICE DISTRICT

By 
Its Chairman

This document was prepared by:

Stephoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

06/27/01
067740/99004

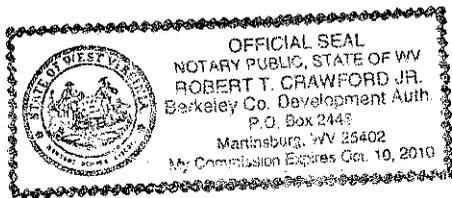
STATE OF WEST VIRGINIA,

COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford Jr. a Notary Public in and for the County and State aforesaid, do certify that Bruce Dorsey, who signed the writing hereto annexed, bearing date the 1st day of July, 2001, for OPEQUON PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 26th day of June, 2001.

My commission expires Oct 10, 2010.



Robert T. Crawford Jr.
Notary Public

BERKELEY COUNTY, WV
FILED
July 06, 2001 14:09:51
JOHN W. SMALL JR.
COUNTY CLERK
TRANSACTION NO: 2001015923

BOOK OF DEEDS
Book: 00672 Page: 00513

REPRINTED ON: 07/06/2001



COPY

15925

CONFIRMATORY BILL OF SALE OF
OPEQUON PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY BILL OF SALE, made this 1st day of July, 2001, by and between Opequon Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Seller," and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Purchaser";

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

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

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service District have approved the merger of Hedgesville Public Service District and Opequon Public Service District into the Berkeley County Public Service District, and the Public

Service Board of Opequon Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Bill of Sale to evidence the transfer of all personal property, tangible or intangible, and interests in personal property, of Opequon Public Service District to Berkeley County Public Service District.

WITNESSETH, that for the sum of One and 00/100 Dollar (\$1.00), cash in hand paid by the Purchaser to the Seller, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, assign, transfer, set over and deliver to Purchaser all personal property, including, but not limited to, all inventory, accounts receivable, deposit accounts, certificates of deposit, other evidences of indebtedness of a third party to the Seller, claims, causes of action, agreements, including, but not limited to, any indemnification agreements, contracts, equipment, supplies, vehicles, furniture, fixtures, furnishings, improvements, and any other tangible or intangible personal property, and any interest in personal property owned by the Seller, wherever located and of whatever nature.

Seller hereby warrants to Purchaser that Seller has clear and unencumbered title to the personal property transferred by this Bill of Sale, except for the lien of the holders of the Seller's Water Revenue Bonds, Series 1993, dated July 29, 1993 and Water Revenue Bonds, Series 1997, dated June 25, 1997 (collectively, the "Bonds"), which Bonds are being assumed by the Purchaser.

The Seller shall deliver possession of the aforesaid personal property to Purchaser on the date of this Bill of Sale.

IN WITNESS WHEREOF, said Opequon Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

OPEQUON PUBLIC SERVICE DISTRICT

By Calvin B. Dorsey
Its Chairman

This instrument prepared by:

Stephoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

06/27/01
067740/99004

STATE OF WEST VIRGINIA,

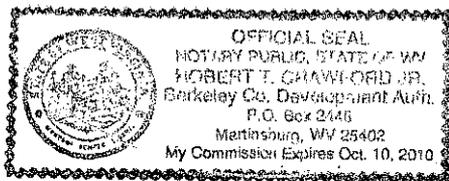
COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford, Jr, a Notary Public in and for the County and State aforesaid, do certify that Bruce Dorsey, who signed the writing hereto annexed, bearing date the 1st day of July, 2001, for OPEQUON PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 28th day of June, 2001.

My commission expires Oct. 10, 2010.

Robert T. Crawford Jr
Notary Public



BERKELEY COUNTY, WV
FILED
July 06, 2001 14:16:18
JOHN W. SMALL JR.
COUNTY CLERK
TRANSACTION NO: 2001015925
BOOK OF DEEDS
Book: 00672 Page: 00517



District have approved the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, and the Public Service Board of Opequon Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Assignment of Rights of Way and Easements to evidence the transfer of all right, title and interest in and to any and all rights of way and easements owned by, or reserved to, Opequon Public Service District to Berkeley County Public Service District.

WITNESSETH, that for the sum of One and 00/100 Dollar (\$1.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby assign, transfer, set over and deliver to Assignee all of its right, title and interest in any and all rights of way and easements owned by, or reserved to, Opequon Public Service District, including all of those conveyed to the Assignor by conveyances of record in the Office of the Clerk of The County Commission of Berkeley County, West Virginia, by Water User Agreements or by any other conveyances, recorded or unrecorded, without limitation.

IN WITNESS WHEREOF, said Opequon Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

OPEQUON PUBLIC SERVICE DISTRICT

By 
Its Chairman

This instrument prepared by:

Steptoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

05/16/01
067740.99003

COPY

15928

CONFIRMATORY ASSIGNMENT OF JUDGMENTS
OF OPEQUON PUBLIC SERVICE DISTRICT

THIS CONFIRMATORY ASSIGNMENT OF JUDGMENTS, made this 1st day of July, 2001, by and between Opequon Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Assignor," and Berkeley County Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Assignee;"

WHEREAS, The County Commission of Berkeley County, West Virginia, adopted a resolution on June 1, 2000, ordering the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District, which merger is subject to the approval of the Public Service Commission of West Virginia and the bondholders and noteholders of the Districts;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 00-00893-PWD-PC, by Commission Orders entered on December 28, 2000 and April 26, 2001, approved the merger of Hedgesville Public Service District and Opequon Public Service District into Berkeley County Public Service District; and

WHEREAS, the bondholders and noteholders of Hedgesville Public Service District, Opequon Public Service District and Berkeley County Public Service District have approved the merger of Hedgesville Public Service District and Opequon

Public Service District into Berkeley County Public Service District, and the Public Service Board of Opequon Public Service District has adopted a resolution ratifying the merger and authorizing the execution and delivery of this Confirmatory Assignment of Judgments to evidence the transfer of all right, title and interest in and to any and all judgments obtained in the course of collecting debts due Opequon Public Service District to Berkeley County Public Service District.

WITNESSETH, that for the sum of One and 00/100 Dollar (\$1.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby assign, transfer, set over and deliver to Assignee all of its right, title and interest in and to any and all judgments obtained in the course of collecting debts due Opequon Public Service District.

IN WITNESS WHEREOF, said Opequon Public Service District has caused its name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first above written.

OPEQUON PUBLIC SERVICE DISTRICT

By 
Its Chairman

This instrument prepared by:

Stephoe & Johnson PLLC
P. O. Box 2190
Clarksburg, West Virginia 26302-2190
(304) 624-8000

05/29/01
067740.99004

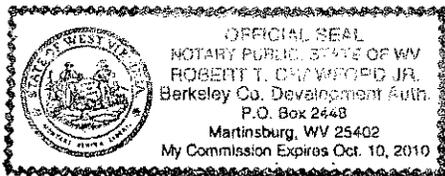
STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, TO-WIT:

I, Robert T. Crawford, Jr., a Notary Public in and for the
County and State aforesaid, do certify that Bruce Dorsey, who signed the writing hereto
annexed, bearing date the 1st day of July, 2001, for OPEQUON PUBLIC SERVICE
DISTRICT, a public corporation, has this day in my said County, before me, acknowledged
the said writing to be the act and deed of said corporation.

Given under my hand and official seal this the 28th day of
June, 2001.

My commission expires Oct 10, 2010.

Robert T. Crawford
Notary Public

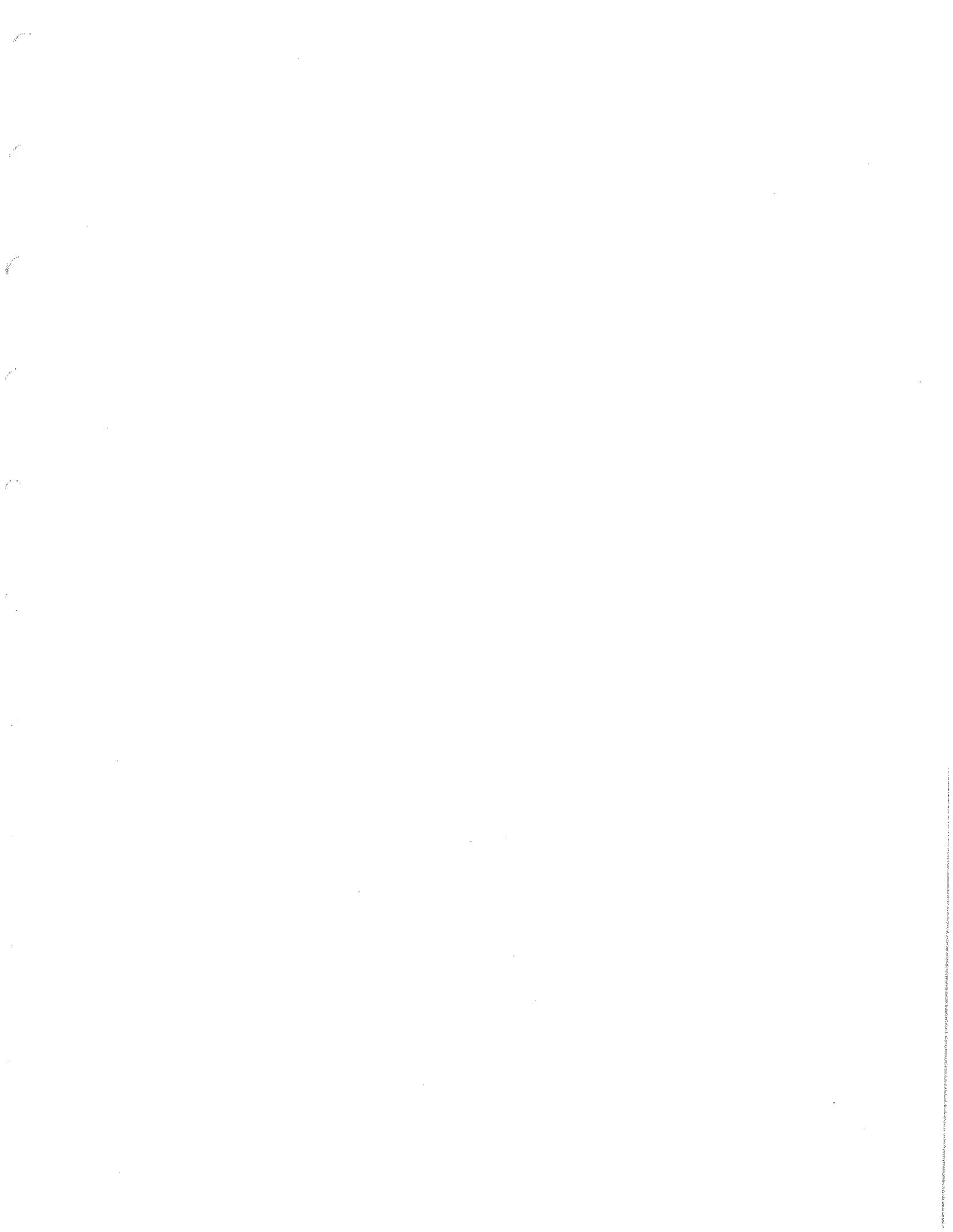


BERKELEY COUNTY, WV
FILED
July 06, 2001 14:19:02

JOHN W. SMALL JR.
COUNTY CLERK
TRANSACTION NO: 2001015928

BOOK OF DEEDS
Book: 00672 Page: 00525





State of West Virginia,
Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,
personally appeared Bill Alexander who
has been duly appointed to the office of
member of the Berkeley County District Advisory Board
and took and subscribed the following

I, Bill Alexander, do solemnly swear that I will
support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Bill Alexander, do solemnly swear that I will
faithfully discharge the duties of the office of
Berkeley County District Advisory Board
to the best of my skill and judgment. So help me God.

William J. Small

Given under my hand this 4th day of January, 2001.

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

State of West Virginia,
Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,
personally appeared Wayne Dunham who
has been duly appeared to the office of _____

Member of the Berkeley County Public Service District

and took and subscribed the following:

I, Wayne Dunham, do solemnly swear that I will
support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Wayne Dunham, do solemnly swear that I will
faithfully discharge the duties of the office of _____

Member of the Berkeley County Public Service District

to the best of my skill and judgment. So help me God.

Wayne Dunham

Given under my hand this 9 day of July, 192001

Term Expires June 30, 2003

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

State of West Virginia,
Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,

personally appeared Howard Collins who

has been duly appointed to the office of _____

Member on Berkeley County District Advisory Board

and took and subscribed the following:

I, Howard Collins, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Howard Collins, do solemnly swear that I will faithfully discharge the duties of the office of _____
member on the Berkeley County District Advisory Board

to the best of my skill and judgment. So help me God.

Howard W. Collins

Given under my hand this 18 day of January, ~~xxxx~~ 2001.

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

State of West Virginia,
Berkeley County, Sct.;

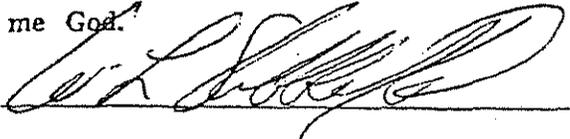
Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,
personally appeared William Stubblefield who
has been duly appointed to the office of _____
Member of the Berkeley County Public Service District

and took and subscribed the following:

I, William Stubblefield, do solemnly swear that I will
support the Constitution of the United States and the Constitution of the State of West Virginia.

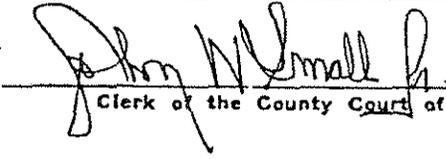
I, William Stubblefield, do solemnly swear that I will
faithfully discharge the duties of the office of _____
Member of the Berkeley County Public Service District

to the best of my skill and judgment. So help me God.



Given under my hand this 3RD day of July, ~~XX~~ 2001.

Term Expires June 30, 2005


Clerk of the County Court of Berkeley County.



BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Merger of Hedgesville Public Service District and
Opequon Public Service District into Berkeley County Public Service District

MINUTES ON ELECTION OF OFFICERS FOR YEAR 2001,
ADOPTION OF RULES OF PROCEDURE
AND ADOPTION OF MERGER RESOLUTION

The undersigned Secretary of the Public Service Board of Berkeley County Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Berkeley County Public Service District met in special session, pursuant to notice duly given, on the 3rd day of July, 2001, at 207 North Mary Street, Hedgesville, West Virginia, at the hour of 5:00 p.m.

PRESENT: William T. Alexander, II
Bruce Dorsey
D. Wayne Dunham
Howard Collins
William L. Stubblefield

ABSENT: None

William T. Alexander, II, acted as Chairman, presided, and William Stubblefield, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, following nomination and vote for each office, the following members were elected to the following offices for the 2001 calendar year:

William T. Alexander, II - Chairman
Bruce Dorsey - Vice-Chairman
William L. Stubblefield - Secretary

D. Wayne Dunham - Parliamentarian
Howard Collins - Treasurer

Thereupon, the Chairman presented proposed Rules of Procedure and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed Merger Resolution in writing entitled:

A RESOLUTION AUTHORIZING AND RATIFYING THE MERGER OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT INTO BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE ASSUMPTION AND RE-DESIGNATION OF THE BONDS AND THE RECEIPT OF ALL ASSETS OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT BY BERKELEY COUNTY PUBLIC SERVICE DISTRICT

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Merger Resolution be adopted and be in full force and effect on and from the date hereof.

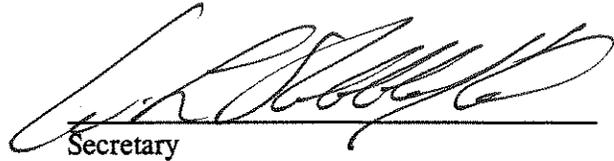
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.


Chairman

CERTIFICATION

I further hereby certify that the foregoing actions of said Public Service Board remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 3rd day of July, 2001.


Secretary

06/29/01
067740.99004

RULES OF PROCEDURE
BERKELEY COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BERKELEY COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 97 Runnymede Road, Bunker Hill, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Berkeley County Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Berkeley County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular meetings on the second and fourth Mondays of each month at such places and times as the members shall determine from time to time. If the date stated for a meeting shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 3 members shall constitute a quorum and the affirmative vote of a majority of members present (plus those voting by proxy) shall be sufficient to authorize action. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Berkeley County Courthouse and at such other places fixed for regular meetings of the Public Service Board of the date, time and place or places fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Berkeley County Courthouse and at such other places fixed for regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Vice-Chairman, a Secretary, a Parliamentarian and a Treasurer, all of whom shall be elected from the members of the Public Service Board. In addition, the Board may employ a recording secretary and a staff treasurer, who may perform the day-to-day duties regularly performed by the Secretary and Treasurer. Such individuals shall not be members of the Board.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Vice-Chairman shall, in the absence of the Chairman, preside as Chairman at all meetings of the Public Service Board. In the event of the incapacitation or unavailability of the Chairman, the Vice-Chairman is authorized to exercise all powers of the Chairman as have been conferred by the Board, by these Rules of Procedure, or as prescribed by law.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. The Parliamentarian shall monitor and advise the Public Service Board on parliamentary rules and procedures. The Parliamentarian shall also perform such other duties as may be conferred from time to time by the members of the Board or these Rules of Procedure.

Section 5. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him or her and

shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He or she shall perform such other duties as may be required of him or her by law or as may be conferred upon him or her by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 6. If the Vice-Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 3rd day of July, 2001.

Effective July 1, 2001, this Bond and the obligations hereunder were assumed by Berkeley County Public Service District ("District") and this Bond was redesignated as Berkeley County Public Service District Water Revenue Bonds, Series 1993 B (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A), pursuant to the resolution of the District adopted July 3, 2001. This Bond is secured and has such lien position as is set forth in the opinion of Steptoe & Johnson PLLC dated July 1, 2001 attached hereto.

300441
2769949

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HEDGESVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1993 A

No. AR-1

\$528,871

KNOW ALL MEN BY THESE PRESENTS: That HEDGESVILLE PUBLIC SERVICE DISTRICT, a 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 of Five Hundred Twenty-Eight Thousand Eight Hundred Seventy-One Dollars (\$528,871), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1993. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated March 8, 1993.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on March 5, 1993 and a Supplemental Resolution duly adopted by the Issuer on March 5, 1993 (collectively called 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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUERS'S WATER REVENUE BOND, SERIES 1976, DATED JANUARY 17, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$620,000 (THE "SERIES 1976 BOND").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1993 B, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$17,629 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1993 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the holder of the Series 1976 Bond, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1993 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1993 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1993 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1993 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1993 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1993 B Bonds, including the Series

1976 Bond, provided however, that so long as there exists in the Series 1993 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1993 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1993 B Bonds, including the Series 1976 Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond. IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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.

IN WITNESS WHEREOF, HEDGESVILLE 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 March 8, 1993.

HEDGESVILLE PUBLIC SERVICE DISTRICT

[SEAL]

Burd S. Butler
Chairman

ATTEST:

William J. ...
Secretary

0 3 3 0 1 3 3 9 0

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1993 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: March 8, 1993.

0 3 3 3 0 1 0 3 9 1

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

By

Charlotta Morgan

Its Authorized Officer

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: _____, 19____.

0 1 3 3 0 7 5 5 9 5

In the presence of:

124348.1

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Chraleston, West Virginia, the Water Revenue Bond, Series 1993 A, of the Hedgesville Public Service District in the principal amount of \$528,871 numbered AR-1, in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: March 8, 1993.

0 3

3 0 7 0 5 9 4

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B Meadows
Authorized Representative

**West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Hedgesville PSD**

Closing: 3/8/93

Interest Bearing Loan: \$528,871.00

Date	Coupon	Principal	Interest	Debt Service
10/1/93	7.75%	\$2,359.00	\$23,112.40	\$25,471.40
10/1/94	7.75%	2,542.00	40,804.68	43,346.68
10/1/95	7.75%	2,738.00	40,607.68	43,345.68
10/1/96	7.75%	2,951.00	40,395.48	43,346.48
10/1/97	7.75%	3,179.00	40,166.78	43,345.78
10/1/98	7.75%	3,426.00	39,920.41	43,346.41
10/1/99	7.75%	3,691.00	39,654.89	43,345.89
10/1/00	7.75%	3,977.00	39,368.84	43,345.84
10/1/01	7.75%	4,286.00	39,060.62	43,346.62
10/1/02	7.75%	4,618.00	38,728.46	43,346.46
10/1/03	7.75%	4,976.00	38,370.56	43,346.56
10/1/04	7.75%	5,361.00	37,984.92	43,345.92
10/1/05	7.75%	5,777.00	37,569.44	43,346.44
10/1/06	7.75%	6,224.00	37,121.73	43,345.73
10/1/07	7.75%	6,707.00	36,639.37	43,346.37
10/1/08	7.75%	7,227.00	36,119.57	43,346.57
10/1/09	7.75%	7,787.00	35,559.48	43,346.48
10/1/10	7.75%	8,390.00	34,955.99	43,345.99
10/1/11	7.75%	9,040.00	34,305.76	43,345.76
10/1/12	7.75%	9,741.00	33,605.16	43,346.16
10/1/13	7.75%	10,496.00	32,850.24	43,346.24
10/1/14	7.75%	11,309.00	32,036.80	43,345.80
10/1/15	7.75%	12,186.00	31,160.35	43,346.35
10/1/16	7.75%	13,130.00	30,215.93	43,345.93
10/1/17	7.75%	14,148.00	29,198.36	43,346.36
10/1/18	7.75%	15,244.00	28,101.89	43,345.89
10/1/19	7.75%	16,426.00	26,920.48	43,346.48
10/1/20	7.75%	17,699.00	25,647.46	43,346.46
10/1/21	7.75%	19,070.00	24,275.79	43,345.79
10/1/22	7.75%	20,548.00	22,797.87	43,345.87
10/1/23	7.75%	22,141.00	21,205.40	43,346.40
10/1/24	7.75%	23,857.00	19,489.47	43,346.47
10/1/25	7.75%	25,706.00	17,640.55	43,346.55
10/1/26	7.75%	27,698.00	15,648.34	43,346.34
10/1/27	7.75%	29,845.00	13,501.74	43,346.74
10/1/28	7.75%	32,157.00	11,188.75	43,345.75
10/1/29	7.75%	34,650.00	8,696.58	43,346.58
10/1/30	7.75%	37,335.00	6,011.21	43,346.21
10/1/31	7.75%	40,229.00	3,117.75	43,346.75
		<u>\$528,871.00</u>	<u>\$1,143,757.18</u>	<u>\$1,672,628.18</u>

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 1, 2001

ISSUE: Berkeley County Public Service District Water Revenue Bonds, Series 1993 B (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A)

ADDRESS: Route 26, Runnymede Road, Bunker Hill, WV 25413 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: N/A
Refunding: N/A REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 8, 1993 CLOSING DATE: March 8, 1993

ISSUE AMOUNT: \$ 528,871 RATE: 7.75%

1ST DEBT SERVICE DUE: April 1, 1993 1ST PRINCIPAL DUE: October 1, 1993

1ST DEBT SERVICE AMOUNT: \$ 4,245.24 PAYING AGENT: Municipal Bond Commission

MERGER BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS
COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

ISSUANCE BOND
COUNSEL: Bowles Rice McDavid Graff & Love PLLC
Contact Person: Camden P. Siegrist, Esquire
Phone: (304) 347-1100

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: William T. Alexander, II
Position: Chairman
Phone: (304) 229-5255

OTHER: Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
Other: _____ \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____
_____ Check _____
_____ IGT _____
To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: _____ \$ _____

NOTES: Change in obligor on Hedgesville Public Service District Water Revenue Bonds, Series 1993 A, following merger of Hedgesville Public Service District into Berkeley County Public Service District and re-designation as Berkeley County Public Service District Water Revenue Bonds, Series 1993 B.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

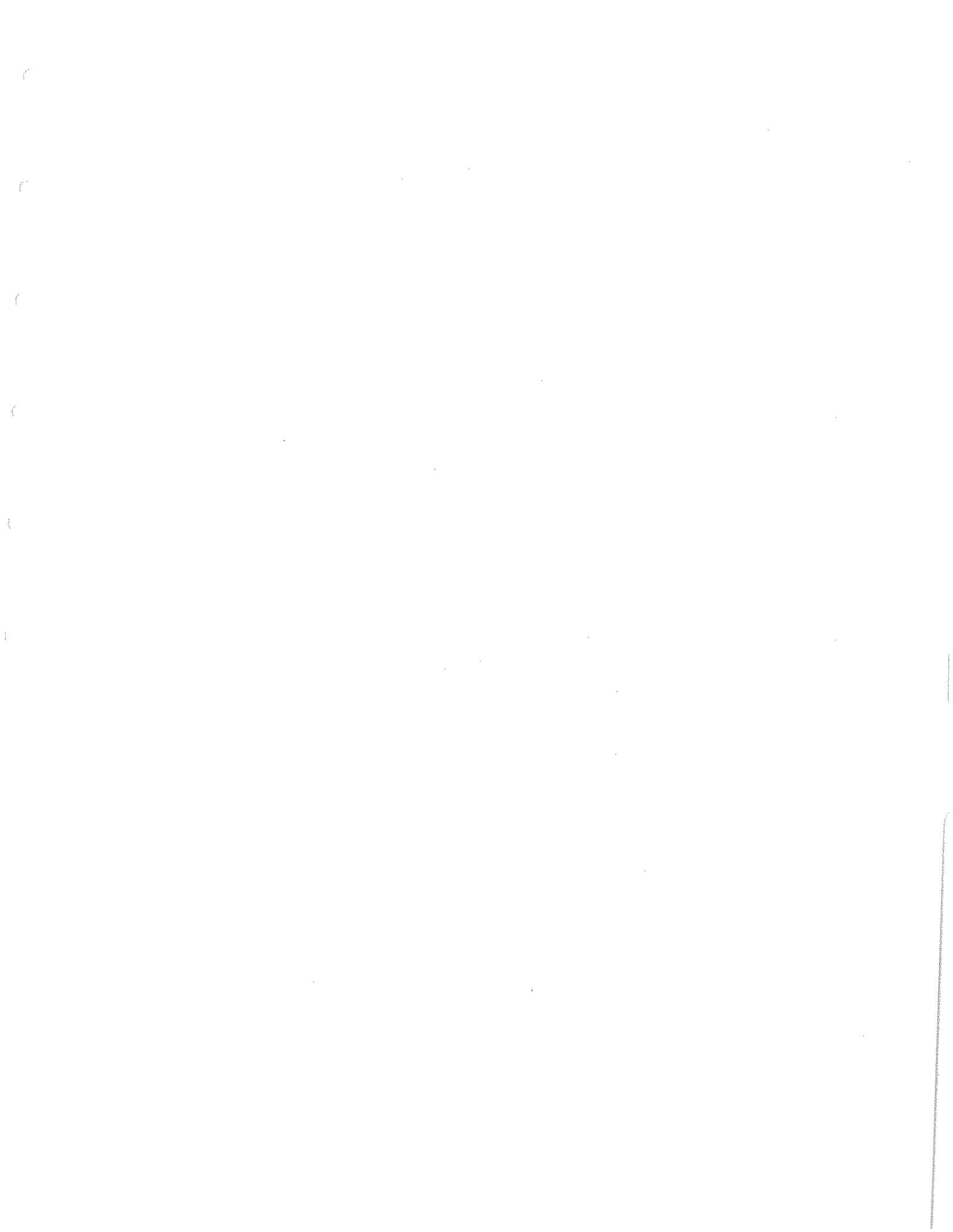
The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

05/29/01
067740.99004



Effective July 1, 2001, this Bond and the obligations hereunder were assumed by Berkeley County Public Service District ("District") and this Bond was redesignated as Berkeley County Public Service District Water Revenue Bonds, Series 1993 C (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B), pursuant to the resolution of the District adopted July 3, 2001. This Bond is secured and has such lien position as is set forth in the opinion of Steptoe & Johnson PLLC dated July 1, 2001 attached hereto.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HEDGESVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1993 B

No. BR-1

\$17,629

KNOW ALL MEN BY THESE PRESENTS: That HEDGESVILLE PUBLIC SERVICE DISTRICT, a 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 of Seventeen Thousand Six Hundred Twenty-Nine Dollars (\$17,629), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated March 8, 1993.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on March 5, 1993 and a Supplemental Resolution duly adopted by the Issuer on March 5, 1993 (collectively called 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 of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING WATER REVENUE BONDS OF THE ISSUER AS FOLLOWS: (i) WATER REVENUE BONDS, SERIES 1993 A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$528,871 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1993 A BONDS"); AND (ii) WATER REVENUE BOND, SERIES 1976, DATED JANUARY 17, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$620,000 (THE "SERIES 1976 BOND").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1976 Bond and the Series 1993 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1993 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1993 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1976 Bond, the Series 1993 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, provided however, that so long as there exists in the Series 1993 B Bonds Reserve Account and the reserve account established for the Series 1993 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1993 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Series 1976 Bond, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is

made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, 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 as 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, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1993 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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 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.

IN WITNESS WHEREOF, HEDGESVILLE 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 March 8, 1993.

[SEAL]

HEDGESVILLE PUBLIC SERVICE DISTRICT

Boyd S. Butler
Chairman

ATTEST:

William J. Agard
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1993 B 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: March 8, 1993

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

By *Charles S. Morgan*
Its Authorized Officer

**West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - Hedgesville PSD**

**Closing: 3/8/93
Interest Free Loan: \$17,629.00**

Date	Interest Free Loan	Debt Service
10/1/93	\$452.03	\$452.03
10/1/94	452.03	452.03
10/1/95	452.03	452.03
10/1/96	452.03	452.03
10/1/97	452.03	452.03
10/1/98	452.03	452.03
10/1/99	452.03	452.03
10/1/00	452.03	452.03
10/1/01	452.03	452.03
10/1/02	452.03	452.03
10/1/03	452.03	452.03
10/1/04	452.03	452.03
10/1/05	452.03	452.03
10/1/06	452.03	452.03
10/1/07	452.03	452.03
10/1/08	452.03	452.03
10/1/09	452.03	452.03
10/1/10	452.03	452.03
10/1/11	452.03	452.03
10/1/12	452.03	452.03
10/1/13	452.03	452.03
10/1/14	452.03	452.03
10/1/15	452.03	452.03
10/1/16	452.03	452.03
10/1/17	452.03	452.03
10/1/18	452.03	452.03
10/1/19	452.03	452.03
10/1/20	452.03	452.03
10/1/21	452.03	452.03
10/1/22	452.03	452.03
10/1/23	452.03	452.03
10/1/24	452.03	452.03
10/1/25	452.03	452.03
10/1/26	452.03	452.03
10/1/27	452.03	452.03
10/1/28	452.03	452.03
10/1/29	452.03	452.03
10/1/30	452.03	452.03
10/1/31	451.86	451.86
	\$17,629.00	\$17,629.00

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.

Date: _____, 19_____.

In the presence of:

124351.1

MADE IN U.S.A.

GEORGE JAY

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 1, 2001

ISSUE: Berkeley County Public Service District Water Revenue Bonds, Series 1993 C (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B)

ADDRESS: Route 26, Runnymede Road, Bunker Hill, WV 25413 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: N/A
Refunding: N/A REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 8, 1993 CLOSING DATE: March 8, 1993

ISSUE AMOUNT: \$ 17,629 RATE: 0%

1ST DEBT SERVICE DUE: April 1, 1993 1ST PRINCIPAL DUE: October 1, 1993

1ST DEBT SERVICE AMOUNT: \$ 75.34 PAYING AGENT: Municipal Bond Commission

MERGER BOND

COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

ISSUANCE BOND

COUNSEL: Bowles Rice McDavid Graff & Love PLLC
Contact Person: Camden P. Siegrist, Esquire
Phone: (304) 347-1100

ESCROW TRUSTEE:

Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: William T. Alexander, II
Position: Chairman
Phone: (304) 229-5255

OTHER: Water Development Authority

Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire _____ Accrued Interest: \$ _____
_____ Check _____ Capitalized Interest: \$ _____
_____ Other: _____ Reserve Account: \$ _____
Other: _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund: \$ _____
_____ To Other: _____ To Other: \$ _____

NOTES: Change in obligor on Hedgesville Public Service District Water Revenue Bonds, Series 1993 B, following merger of Hedgesville Public Service District into Berkeley County Public Service District and re-designation as Berkeley County Public Service District Water Revenue Bonds, Series 1993 C.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

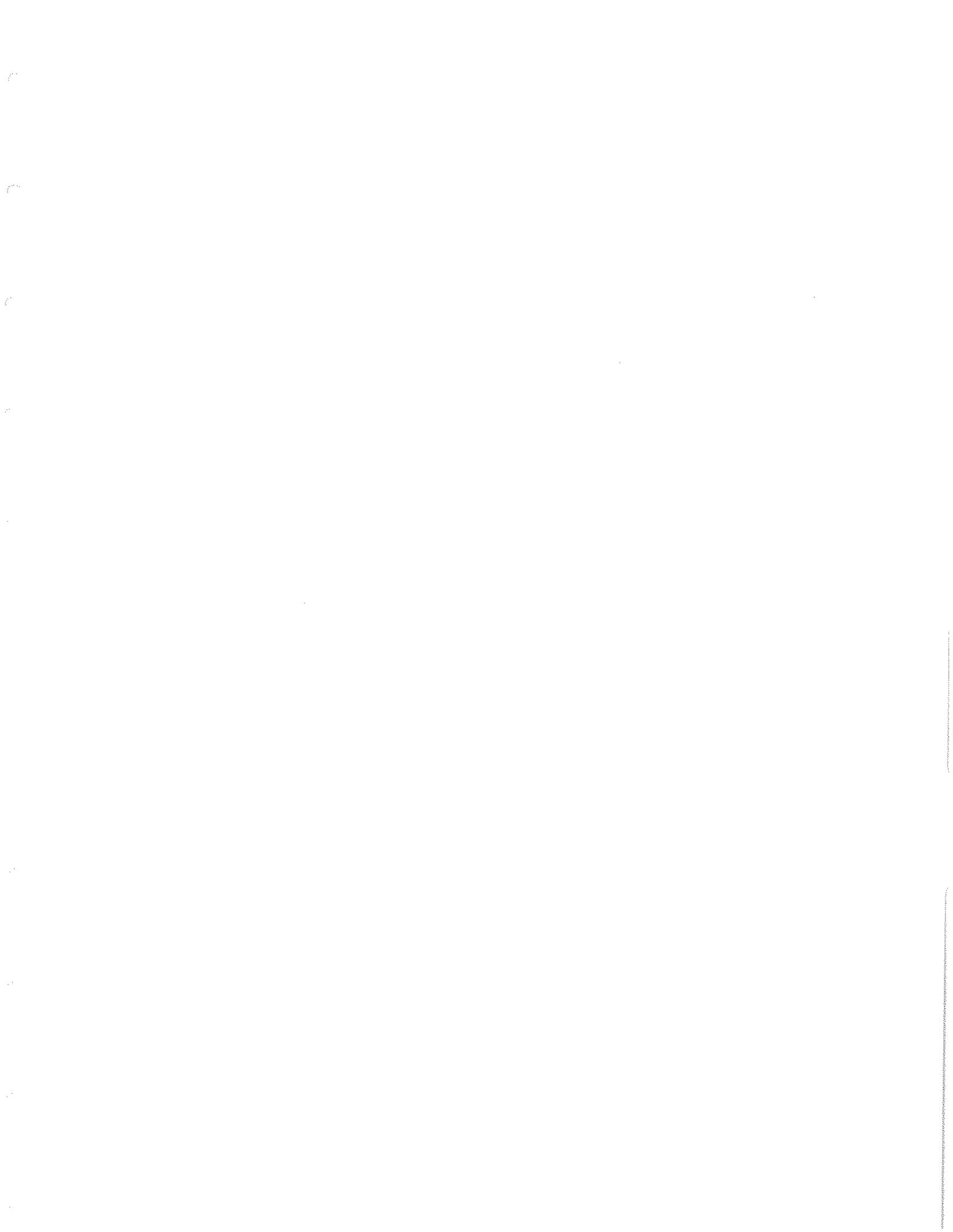
1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.



Acc # 200 HHE

1092 7 18-942

Effective July 1, 2001, this Bond and the obligations hereunder were assumed by Berkeley County Public Service District ("District") and this Bond was redesignated as Berkeley County Public Service District Water Revenue Bonds, Series 1993 D (Formerly Opequon Public Service District Water Revenue Bonds, Series 1993), pursuant to the resolution of the District adopted July 3, 2001. This Bond is secured and has such lien position as is set forth in the opinion of Steptoe & Johnson PLLC dated July 1, 2001 attached hereto.

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1993**

No. R-1

\$10,257,957

KNOW ALL MEN BY THESE PRESENTS: That OPEQUON PUBLIC SERVICE DISTRICT, a 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 of TEN MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND NINE HUNDRED FIFTY-SEVEN DOLLARS (\$10,257,957), in installments on October 1 of each year, except for the final principal installment which shall become due on April 1, 2033, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1993. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 29, 1993.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to refinance and refund certain prior obligations of the Issuer; (iii) to pay a portion of the interest on the Bonds during the construction of the Project and for not more than six (6) months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any

further additions, betterments or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on July 28, 1993 and a Supplemental Resolution duly adopted by the Issuer on July 28, 1993 (collectively called 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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1993 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1993 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds provided however, that so long as there exists in the Series 1993 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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, shall be applied solely to the payment of the Costs of the Project and the refinancing and refunding described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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.

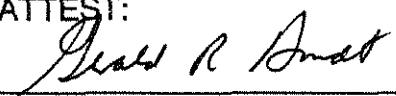
IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated July 29, 1993.

OPEQUON PUBLIC SERVICE DISTRICT

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1993 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 29, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By *Charlotte S. Morgan*
Its Authorized Officer

0 3 3 3 0 7 5 9 1 9

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1993 B-II Pool
Debt Service Schedule - Opequon Public Service District

Closing July 29, 1993
Interest Bearing Loan: \$10,257,957.00

Date	Coupon	Principal	Interest	Debt Service
10/1/93	6.75%	0.00	119,248.75	119,248.75
10/1/94	6.75%	0.00	692,412.11	692,412.11
10/1/95	6.75%	58,805.54	692,412.11	751,217.65
10/1/96	6.75%	62,774.92	688,442.74	751,217.66
10/1/97	6.75%	67,012.23	684,205.43	751,217.66
10/1/98	6.75%	71,535.55	679,682.10	751,217.65
10/1/99	6.75%	76,364.20	674,853.45	751,217.65
10/1/00	6.75%	81,518.78	669,698.87	751,217.65
10/1/01	6.75%	87,021.30	664,196.35	751,217.65
10/1/02	6.75%	92,895.24	658,322.41	751,217.65
10/1/03	6.75%	99,165.67	652,051.98	751,217.65
10/1/04	6.75%	105,850.36	645,356.30	751,217.66
10/1/05	6.75%	113,004.86	638,212.79	751,217.65
10/1/06	6.75%	120,632.70	630,584.96	751,217.66
10/1/07	6.75%	128,775.40	622,442.25	751,217.65
10/1/08	6.75%	137,467.74	613,749.91	751,217.65
10/1/09	6.75%	146,746.81	604,470.84	751,217.65
10/1/10	6.75%	156,652.23	594,565.43	751,217.66
10/1/11	6.75%	167,226.25	583,991.40	751,217.65
10/1/12	6.75%	178,514.03	572,703.63	751,217.66
10/1/13	6.75%	190,563.72	560,653.93	751,217.65
10/1/14	6.75%	203,426.78	547,790.88	751,217.66
10/1/15	6.75%	217,158.08	534,059.57	751,217.65
10/1/16	6.75%	231,816.26	519,401.40	751,217.66
10/1/17	6.75%	247,463.85	503,753.80	751,217.65
10/1/18	6.75%	264,167.67	487,049.99	751,217.66
10/1/19	6.75%	281,998.98	469,218.67	751,217.65
10/1/20	6.75%	301,033.91	450,183.74	751,217.65
10/1/21	6.75%	321,353.70	429,863.95	751,217.65
10/1/22	6.75%	343,045.07	408,172.58	751,217.65
10/1/23	6.75%	366,200.61	385,017.04	751,217.65
10/1/24	6.75%	390,919.15	360,298.50	751,217.65
10/1/25	6.75%	417,306.19	333,911.46	751,217.65
10/1/26	6.75%	445,474.36	305,743.29	751,217.65
10/1/27	6.75%	475,543.88	275,673.77	751,217.65
10/1/28	6.75%	507,643.09	243,574.56	751,217.65
10/1/29	6.75%	541,909.00	209,308.65	751,217.65
10/1/30	6.75%	578,487.86	172,729.79	751,217.65
10/1/31	6.75%	617,535.80	133,681.86	751,217.66
10/1/32	6.75%	659,219.46	91,998.19	751,217.65
4/1/33	6.75%	703,716.77	23,750.44	727,467.21
		10,257,957.00	19,827,441.87	30,085,398.87

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bond, Series 1993, of the Opequon Public Service District in the principal amount of \$10,257,957 numbered R-1, in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: July 29, 1993.

0 3 3 WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B Meadows
Authorized Representative

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: _____, 19_____.

0 3 3 0 / 5 9 2 2

In the presence of:

166223.1

Copyright © 1994

WV MUNICIPAL BOND COMMISSION
 8 Capitol Street
 Suite 500
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 1, 2001

ISSUE: Berkeley County Public Service District Water Revenue Bonds, Series 1993 D (Formerly Opequon Public Service District Water Revenue Bonds, Series 1993)

ADDRESS: Route 26, Runnymede Road, Bunker Hill, WV 25413 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: N/A
 Refunding: N/A REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 29, 1993 CLOSING DATE: July 29, 1993

ISSUE AMOUNT: \$10,257,957 RATE: 6.75%

1ST DEBT SERVICE DUE: October 1, 1993 1ST PRINCIPAL DUE: October 1, 1995

1ST DEBT SERVICE AMOUNT: \$119,248.75 PAYING AGENT: Municipal Bond Commission

MERGER BOND
 COUNSEL: Step toe & Johnson PLLC
 Contact Person: Vincent A. Collins, Esquire
 Phone: (304) 624-8161

UNDERWRITERS
 COUNSEL: Jackson & Kelly PLLC
 Contact Person: Samme Gee, Esquire
 Phone: (304) 340-1318

ISSUANCE BOND
 COUNSEL: Bowles Rice McDavid Graff & Love PLLC
 Contact Person: Camden P. Siegrist, Esquire
 Phone: (304) 347-1100

ESCROW TRUSTEE: _____
 Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: William T. Alexander, II
 Position: Chairman
 Phone: (304) 229-5255

OTHER: Water Development Authority
 Contact Person: Daniel B. Yonkosky
 Function: Executive Director
 Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:	Accrued Interest:	\$ _____
By: _____ Wire	Capitalized Interest:	\$ _____
_____ Check	Reserve Account:	\$ _____
	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE	To Escrow Trustee:	\$ _____
By: _____ Wire	To Issuer:	\$ _____
_____ Check	To Cons. Invest. Fund:	\$ _____
_____ IGT	To Other:	\$ _____

NOTES: Change in obligor on Opequon Public Service District Water Revenue Bonds, Series 1993, following merger of Opequon Public Service District into Berkeley County Public Service District and re-designation as Berkeley County Public Service District Water Revenue Bonds, Series 1993 D.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

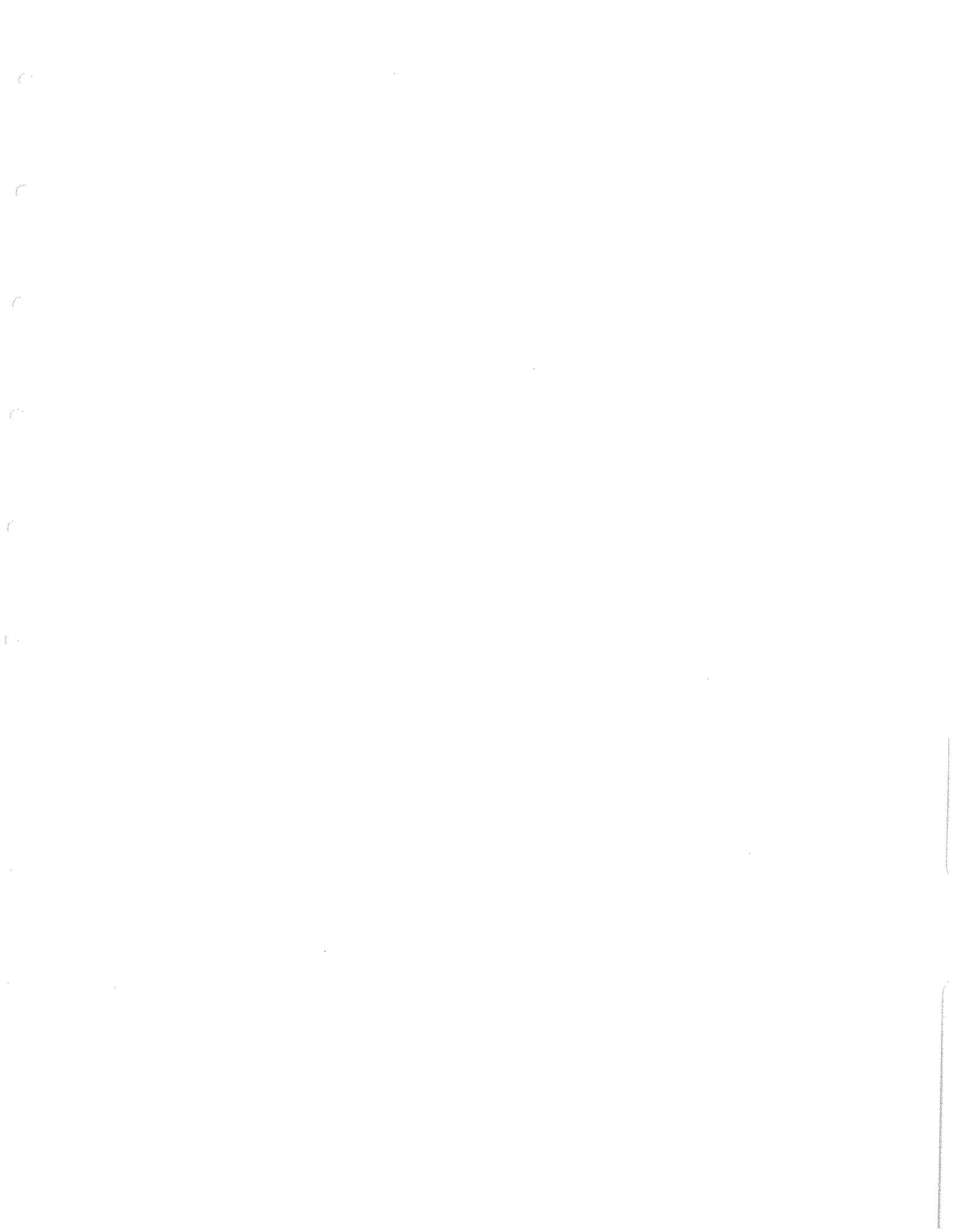
The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

05/29/01
067740.99004



Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by Bank One, West Virginia, N.A., Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each February 15 and August 15) at the address of such Registered Owner as it appears on the registration books of the issuer maintained by Bank One, West Virginia, N.A., Charleston, West Virginia, as registrar in such capacity, the "Registrar", or, at the option of any Registered Owner of at least \$500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by such Registered Owner at least five days prior to such interest Payment Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of a series of bonds, the aggregate principal amount of \$2,275,000 designated "Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 1994" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated September 1, 1994, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, to finance the costs of acquisition and construction of additions, betterments and improvements for the public waterworks system of the issuer (the "Project"), to fund a debt service reserve account for the Bonds and to pay costs of issuance of the Bonds. The Bonds are issued under the authority of and in full compliance with the Constitution and Statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution and supplemental resolution duly adopted by the governing body of the issuer on October 13, 1994 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Secretary of the Issuer in the City of Martinsburg, West Virginia.

THE BONDS ARE ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE WATER REFUNDING REVENUE BONDS, SERIES 1993 A, OF THE ISSUER, DATED MARCH 1, 1993, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,350,000 (THE "SERIES 1993 A BONDS").

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed hereon, by a policy of municipal bond insurance issued by AMBAC Indemnity Corporation.

Optional Redemption. The Bonds maturing on or after September 1, 2005, are subject to redemption prior to maturity at the option of the issuer on or after September 1, 2004, in whole at any time or in part on any Interest Payment Date at the following redemption price expressed as percentages of the principal amount of Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption:

Redemption Periods (of 180 Days Inclusive)	Redemption Price
September 1, 2004 through August 31, 2005	102%
September 1, 2005 through August 31, 2006	101
September 1, 2006 and thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 2014, and September 1, 2019 (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to maturity in part by random selection as may be determined by the Registrar, on September 1 of the years and in accordance with the following mandatory redemption schedule, at a redemption price equal to the principal amount thereof plus interest accrued to the date fixed for redemption, without premium:

Bonds Maturing September 1, 2014

Year (September 1)	Amount
2011	\$105,000
2012	110,000
2013	115,000
2014	125,000*

LEGAL OPINION
STEPTOE & JOHNSON
Clarksburg, West Virginia

Berkeley County Public Service District
(West Virginia)
\$2,275,000 Water Revenue Bonds, Series 1994

Berkeley County Public Service District
Bunker Hill, West Virginia
Fennis, Baker Watts, Incorporated
Baltimore, Maryland
AMBAC Indemnity Corporation
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (the "Issuer") of its \$2,275,000 aggregate principal amount of Water Revenue Bonds, Series 1994 (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and Statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the issuer on October 13, 1994, as supplemented by a Supplemental Resolution also duly adopted by the issuer on October 13, 1994 (said Bond Resolution, as so supplemented, herein called the "Resolution") and are subject to all the terms and conditions of the Resolution.

The Bonds are issued in fully registered form, are dated September 1, 1994, upon original issuance, mature on September 1 in years and amounts and bear interest payable each March 1 and September 1, commencing March 1, 1995, as follows:

Maturity (Sept. 1)	Amount	Interest Rate	Maturity (Sept. 1)	Amount	Interest Rate
1995	\$45,000	3.90%	2004	\$ 70,000	5.30%
1996	50,000	4.25	2005	75,000	5.40
1997	50,000	4.45	2006	80,000	5.50
1998	55,000	4.60	2007	80,000	5.70
1999	55,000	4.75	2008	85,000	5.80
2000	60,000	4.90	2009	90,000	5.90
2001	60,000	5.00	2010	100,000	6.00
2002	65,000	5.10	2014	455,000	6.20
2003	65,000	5.20	2019	735,000	6.25

The Bonds maturing on or after September 1, 2005, are redeemable prior to their stated dates of maturity at the option of the Issuer, on or after September 1, 2004, in whole at any time or in part on any interest payment date, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the redemption prices (expressed as percentages of principal amounts to be redeemed), plus interest accrued to the date fixed for redemption, as provided in the Resolution. The Bonds maturing on September 1, 2014 and September 1, 2019 are also subject to mandatory sinking fund redemption as provided in the Resolution.

The Resolution provides that the Bonds are issued for the purposes of providing funds, together with other moneys of the Issuer, (i) to pay costs of acquisition and construction of additions, betterments and improvements for the existing public waterworks system of the issuer (the "Project"), (ii) to fund a reserve account for the Bonds, and (iii) to pay costs of issuance of the Bonds, all as set forth and described in the Resolution.

The Bonds have been sold to Fennis, Baker Watts, Incorporated (the "Purchaser") pursuant to a Bond Purchase Contract dated October 13, 1994, and accepted by the Issuer (the "Purchase Contract").

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

Based upon the foregoing, and assuming compliance with the covenants and agreements of the Issuer and others pertaining to tax matters set forth in the Resolution and certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion under existing law, that:

- The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia under and pursuant to the Constitution and laws of such State and has full legal right, power and authority to adopt the Resolution, enter into the Purchase Contract, perform its obligations under the terms and provisions thereof, issue and sell the Bonds, acquire and construct the Project, and to fund and operate its waterworks system (the "System").
- The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Contract and has issued and delivered the Bonds to the Purchaser pursuant to the Purchase Contract.

ASSIGNMENT

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

SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Name and Address of Assignee)

the within Bonds and does hereby irrevocably constitute and appoint

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

Dated: _____
SIGNATURE GUARANTEED:

Bonds Maturing September 1, 2014

Year (September 1)	Amount
2011	\$120,000
2012	140,000
2013	145,000
2014	155,000
2019	165,000*

Final Maturity

In the event of any redemption of less than all outstanding Bonds, maturities shall be selected by the Issuer and Bonds within a maturity shall be selected by lot or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP number and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, by registered or certified mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the issuer maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution; provided however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds.

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues to be derived from the System and all moneys in the Series 1994 Bonds Sinking Fund established under the Resolution (including the Series 1994 Bonds Reserve Account therein) and the Revenue Fund, on a parity in all respects with the Series 1993 A Bonds herein described, and the unexpended proceeds of the Bonds, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued by the Issuer pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make certain other payments required by the Resolution. This Bond does not constitute a corporate indebtedness of the Issuer within any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, and the moneys in the System. The Issuer has covenanted and agreed to fix, establish and collect just and equitable rates and charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least 115% of the maximum annual amount required to pay the interest and principal on the same become due and accomplish retirement of the Series 1993 A Bonds, the Bonds and any additional bonds issued on a parity therewith, and to make any required payments into the respective Reserve Accounts. Such required payments on behalf of the principal of and interest on the Bonds shall constitute a first charge upon all the Net Revenues of the System, on a parity with the Series 1993 A Bonds. The Issuer has covenanted and agreed to further secure the registered owners of the Bonds, for the terms of which reference is made to the Resolution. Remedies provided for the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds, except for accrued interest thereon, shall be applied solely to pay costs of acquisition and construction of the Project, create a reserve for the Bonds and pay costs and expenses in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of said Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the provisions thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered bonds, upon the terms set forth in the Indenture. Neither the Issuer nor the Registrar shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

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

Contract. The Resolution is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the issuer, enforceable in accordance with its terms.

Assuming due authorization, execution and delivery by the Purchaser, the Purchase Contract constitutes the valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the Act.

The Bonds constitute valid and legally binding special obligations of the Issuer, payable solely from and secured by a first lien on and pledge of the net revenues derived from the operation of the System and moneys in the Sinking Fund created under the Resolution (including the Reserve Account therein) on a parity with the Issuer's outstanding Water Refunding Revenue Bonds, Series 1993 A, dated March 1, 1993 (the "Prior Bonds"). The Bonds are enforceable in accordance with their terms and the terms of the Resolution.

Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to the owners of the Bonds) (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences except as set forth in paragraph 7 below. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Resolution and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds.

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

The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code and has covenanted that it does not reasonably expect to issue, together with subordinate entities, more than \$10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 1994. Therefore, the Bonds are "qualified tax-exempt obligations," and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Resolution and the Purchase Contract are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON

CERTIFICATE AS TO LEGAL OPINION

I hereby certify that the foregoing is a true and correct copy of the legal opinion on the issue of Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 1994, described therein, which legal opinion was manually signed by Steptoe & Johnson, Clarksburg, West Virginia, and dated on the date of delivery of and payment for said Bonds.

Oliver R. Duke
Secretary



Effective July 1, 2001, this Bond and the obligations hereunder were assumed by Berkeley County Public Service District ("District") and this Bond was redesignated as Berkeley County Public Service District Water Revenue Bonds, Series 1996 (Formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996), pursuant to the resolution of the District adopted July 3, 2001. This Bond is secured and has such lien position as is set forth in the opinion of Steptoe & Johnson PLLC dated July 1, 2001 attached hereto.

380495

422 76m - 9A - 0

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HEDGESVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1996

No. R-1

\$677,158.00

KNOW ALL MEN BY THESE PRESENTS: That HEDGESVILLE PUBLIC SERVICE DISTRICT, a 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 of SIX HUNDRED SEVENTY-SEVEN THOUSAND ONE HUNDRED FIFTY-EIGHT DOLLARS (\$677,158.00), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1996. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 6, 1996.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on August 5, 1996 and a Supplemental Resolution duly adopted by the Issuer on August 5, 1996 (collectively called 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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUERS'S WATER REVENUE BOND, SERIES 1976, DATED JANUARY 17, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$620,000 (THE "SERIES 1976 BOND") AND THE ISSUER'S WATER REVENUE BONDS, SERIES 1993 A, DATED MARCH 8, 1993, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF \$528,871 (THE "SERIES 1993 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S WATER REVENUE BONDS, SERIES 1993 B, DATED MARCH 8, 1993, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$17,629 (THE "SERIES 1993 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the holders of the Series 1976 Bond and the Series 1993 A Bonds, and senior and prior to the pledge of the Net Revenues in favor of the holders of the Series 1993 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1996 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1996 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a

balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1976 Bond and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1996 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1976 Bond, the Series 1993 A Bonds, the Series 1993 B Bonds and any other obligations Outstanding prior to or on a parity with the Bonds or the Series 1993 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

0 3 0 3 1 0 5 2 0 3 1 0 0

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

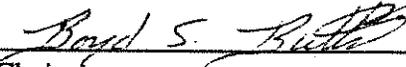
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this 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 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.

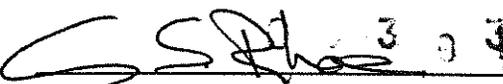
IN WITNESS WHEREOF, HEDGESVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 6, 1996.

HEDGESVILLE PUBLIC SERVICE DISTRICT

[SEAL]


Chairman

ATTEST:


Secretary

3 0 4 4 0 5 2 3 2 3 1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 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: August 6, 1996.

ONE VALLEY BANK, NATIONAL ASSOCIATION
as Registrar

By *[Signature]*
Its: 4 Authorized Officer

0 0 3 1 3 0 7 5 2 3 3

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

0 31 1 30 5 74 9 2 3 43

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: _____, 19_____.

0 0 3 3 0 7 0 2 3 8

In the presence of:

CHS/50171.1

West Virginia Water Development Authority
 1995 Series B
 Hedgesville Public Service District
 Debt Service Schedule
 Closing August 6, 1996
 Total Amount Borrowed: \$677,158

Date	Coupon	Principal	Interest	Debt Service	Annual Debt Service
10/1/96	6.25%	-	6,465.92	6,465.92	6,465.92
4/1/97	6.25%	-	21,161.19	21,161.19	
10/1/97	6.25%	4,391.55	21,161.19	25,552.74	46,713.93
4/1/98	6.25%	-	21,023.95	21,023.95	
10/1/98	6.25%	4,666.02	21,023.95	25,689.97	46,713.92
4/1/99	6.25%	-	20,878.14	20,878.14	
10/1/99	6.25%	4,957.65	20,878.14	25,835.79	46,713.93
4/1/00	6.25%	-	20,723.21	20,723.21	
10/1/00	6.25%	5,267.50	20,723.21	25,990.71	46,713.92
4/1/01	6.25%	-	20,558.60	20,558.60	
10/1/01	6.25%	3,596.72	20,558.60	24,155.32	46,713.92
4/1/02	6.25%	-	20,383.71	20,383.71	
10/1/02	6.25%	5,946.52	20,383.71	26,330.23	46,713.94
4/1/03	6.25%	-	20,197.88	20,197.88	
10/1/03	6.25%	6,318.17	20,197.88	26,516.05	46,713.93
4/1/04	6.25%	-	20,000.43	20,000.43	
10/1/04	6.25%	6,713.06	20,000.43	26,713.49	46,713.92
4/1/05	6.25%	-	19,790.65	19,790.65	
10/1/05	6.25%	7,132.62	19,790.65	26,923.27	46,713.92
4/1/06	6.25%	-	19,567.76	19,567.76	
10/1/06	6.25%	7,578.41	19,567.76	27,146.17	46,713.93
4/1/07	6.25%	-	19,330.93	19,330.93	
10/1/07	6.25%	8,052.06	19,330.93	27,382.99	46,713.92
4/1/08	6.25%	-	19,079.30	19,079.30	
10/1/08	6.25%	8,555.32	19,079.30	27,634.62	46,713.92
4/1/09	6.25%	-	18,811.95	18,811.95	
10/1/09	6.25%	9,090.02	18,811.95	27,901.97	46,713.92
4/1/10	6.25%	-	18,527.89	18,527.89	
10/1/10	6.25%	9,658.15	18,527.89	28,186.04	46,713.93
4/1/11	6.25%	-	18,226.07	18,226.07	
10/1/11	6.25%	10,261.79	18,226.07	28,487.86	46,713.93
4/1/12	6.25%	-	17,905.39	17,905.39	
10/1/12	6.25%	10,903.15	17,905.39	28,808.54	46,713.93
4/1/13	6.25%	-	17,564.67	17,564.67	
10/1/13	6.25%	11,584.59	17,564.67	29,149.26	46,713.93
4/1/14	6.25%	-	17,202.65	17,202.65	
10/1/14	6.25%	12,308.63	17,202.65	29,511.28	46,713.93
4/1/15	6.25%	-	16,818.00	16,818.00	
10/1/15	6.25%	13,077.92	16,818.00	29,895.92	46,713.92
4/1/16	6.25%	-	16,409.32	16,409.32	
10/1/16	6.25%	13,895.29	16,409.32	30,304.61	46,713.93

Date	Coupon	Principal	Interest	Debt Service	Annual Debt Service
4/1/17	6.25%	-	15,975.09	15,975.09	
10/1/17	6.25%	14,763.74	15,975.09	30,738.83	46,713.92
4/1/18	6.25%	-	15,513.72	15,513.72	
10/1/18	6.25%	15,686.48	15,513.72	31,200.20	46,713.92
4/1/19	6.25%	-	15,023.52	15,023.52	
10/1/19	6.25%	16,666.88	15,023.52	31,690.40	46,713.92
4/1/20	6.25%	-	14,502.68	14,502.68	
10/1/20	6.25%	17,708.56	14,502.68	32,211.24	46,713.92
4/1/21	6.25%	-	13,949.29	13,949.29	
10/1/21	6.25%	18,815.35	13,949.29	32,764.64	46,713.93
4/1/22	6.25%	-	13,361.31	13,361.31	
10/1/22	6.25%	19,991.31	13,361.31	33,352.62	46,713.93
4/1/23	6.25%	-	12,736.58	12,736.58	
10/1/23	6.25%	21,240.76	12,736.58	33,977.34	46,713.92
4/1/24	6.25%	-	12,072.81	12,072.81	
10/1/24	6.25%	22,568.31	12,072.81	34,641.12	46,713.93
4/1/25	6.25%	-	11,367.55	11,367.55	
10/1/25	6.25%	23,978.83	11,367.55	35,346.38	46,713.93
4/1/26	6.25%	-	10,618.21	10,618.21	
10/1/26	6.25%	25,477.51	10,618.21	36,095.72	46,713.93
4/1/27	6.25%	-	9,822.04	9,822.04	
10/1/27	6.25%	27,069.85	9,822.04	36,891.89	46,713.93
4/1/28	6.25%	-	8,976.10	8,976.10	
10/1/28	6.25%	28,761.72	8,976.10	37,737.82	46,713.92
4/1/29	6.25%	-	8,077.30	8,077.30	
10/1/29	6.25%	30,559.33	8,077.30	38,636.63	46,713.93
4/1/30	6.25%	-	7,122.32	7,122.32	
10/1/30	6.25%	32,469.28	7,122.32	39,591.60	46,713.92
4/1/31	6.25%	-	6,107.65	6,107.65	
10/1/31	6.25%	34,498.61	6,107.65	40,606.26	46,713.91
4/1/32	6.25%	-	5,029.57	5,029.57	
10/1/32	6.25%	36,654.78	5,029.57	41,684.35	46,713.92
4/1/33	6.25%	-	3,884.11	3,884.11	
10/1/33	6.25%	38,945.70	3,884.11	42,829.81	46,713.92
4/1/34	6.25%	-	2,667.06	2,667.06	
10/1/34	6.25%	41,379.81	2,667.06	44,046.87	46,713.93
4/1/35	6.25%	-	1,373.94	1,373.94	
10/1/35	6.25%	43,966.05	1,373.94	45,339.99	46,713.93
		677,158.00	1,151,151.00	1,828,309.00	1,828,309.00

Average Coupon	6.250000%
TIC =	6.250821%
NIC =	6.250000%
Arbitrage Yield =	6.250821%
WAM =	27.2

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bond, Series 1996, of the Hedgesville Public Service District in the principal amount of \$677,158 numbered R-1, in the name of West Virginia Water Development Authority on the books of said Issuer.

0 3 3 0 7 0 2 3 7
Dated: August 6, 1996.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

date from the recently constructed 12-inch main approximately 565 feet in length connecting the facilities of Quad/Graphics, Inc. to the System (the "Quad/Graphics Extension"). Simultaneously with the issuance of the Completion Certificate by the Consulting Engineer in accordance with Section 6.01F of the Bond Legislation, the Issuer shall certify to the Authority and the Council the names and addresses of all new customers (i.e., new customers of the System that were not customers of the System on June 25, 1997) receiving water service directly from (i) the Quad/Graphics Extension, (ii) the extension constituting the Project, (iii) any extension receiving its water through either (i) or (ii) ((i), (ii) and (iii) are collectively referred to herein as the "Extensions") and (iv) any customers located in the Berkeley County Industrial Park at Cumbo Yard ("Cumbo Yard") other than Quad/Graphics, Inc. as of that date (collectively, the "Base Customer List"), provided, however, except as noted in (iv) above, in no event shall customers be included on the Base Customer List that are connected to the System beyond the terminus of the Project nor shall Quad/Graphics, Inc. be included in the Base Customer List. As part of the Issuer's annual audit, the Issuer shall require the Independent Certified Public Accountants to provide certification as of June 30 of each Fiscal Year, based on the audit, the Base Customer List and the new customers of the Extensions or in Cumbo Yard, of the prepayment amount. The prepayment calculation shall be as follows:

The sum of:

(a) The number of gallons of water purchased from the Issuer in such Fiscal Year by Quad/Graphics, Inc. in excess of 50,000 gallons per day, calculated on a monthly basis;

(b) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers located in Cumbo Yard other than Quad/Graphics, Inc.; and

(c) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers receiving water service directly from the Extensions that (i) are on the Base Customer List, (ii) have assumed the water service of customers on the Base Customer List; or (iii) are new customers of the System that connected to the Extensions after the date of completion of the Project, provided, however, in no event shall there be included in such amount water purchased by customers connected to the System beyond the terminus of the Project;

multiplied by the debt service component of \$.00157.

For the purposes of this calculation no customer shall be counted more than once.

If the calculated amount is less than \$500, no prepayment is required. If the calculated amount is equal to or exceeds \$500, such payment shall be remitted to the Paying Agent on the November 1st following the end of the Fiscal Year. The Issuer shall provide notice to the Paying Agent, the Authority and the Council of the prepayment amount along with the audit and certification from the Independent Certified Public Accountants not less than 15 days prior to the prepayment date. The Paying Agent shall remit such prepayment amount to the Authority on behalf of the Council on the following December 1st.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the Waterworks System Bond Anticipation Notes, Series 1996 of the Issuer; (iii) to pay certain remaining costs of the Prior Project, as defined in the Bond Legislation described below; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks 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"), and a Resolution duly adopted by the Issuer on June 25, 1997 and a Supplemental Resolution duly adopted by the Issuer on June 25, 1997 (collectively called 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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE WATER REVENUE BONDS, SERIES 1993, OF THE ISSUER, ISSUED JULY 29, 1993, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$10,257,957 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation), on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds, to be derived from the operation of the System, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer

be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1997 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, 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, shall be applied solely to the payment of the Costs of the Project, the payment of the Waterworks System Bond Anticipation Notes, Series 1996, and the payment of the remaining costs of the Prior Project, all as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the

issuance of this Bond have existed, 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 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.

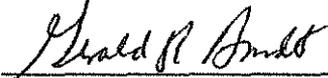
IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 25, 1997.

OPEQUON PUBLIC SERVICE DISTRICT

[SEAL]


Chairman

ATTEST:

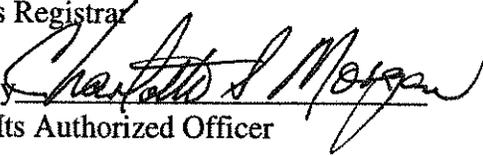

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 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: June 25, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By 
Its Authorized Officer

**WEST VIRGINIA INFRASTRUCTURE FUND
 RECORD OF ADVANCES
 Project Name: Opequon PSD
 Date Closed: 6/25/97**

**Loan Amount: \$3,339,090
 Series 1997**

	Amount	Date	Amount	Date
1	\$220,450	06/25/1997		
2	31,041	07/24/1997		
3	930,203	08/20/1997		
4	736,868	09/22/1997		
5	358,095	10/27/1997		
6	180,916	11/19/1997		
7	166,011	01/02/1998		
8	25,048	03/20/1998		
9	338,788	04/23/1998		
10	24,925	11/15/1999		
11	175,670	04/03/2000		
12	37,225	06/26/2000		
13	113,850	11/30/2000		
14				
15				
	\$3,339,090		Total	\$3,339,090

c Municipal Bond Commission
 Water Development Authority
 Jackson & Kelly
 Bowles Rice McGraff David & Love

Opequon Public Service District, West Virginia
 Infrastructure Loan \$3,339,090
 20 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1997	-	-	-
12/01/1997	41,223.34	-	41,223.34
3/01/1998	41,223.34	-	41,223.34
6/01/1998	41,223.34	-	41,223.34
9/01/1998	41,223.34	-	41,223.34
12/01/1998	41,223.34	-	41,223.34
3/01/1999	41,223.34	-	41,223.34
6/01/1999	41,223.34	-	41,223.34
9/01/1999	41,223.34	-	41,223.34
12/01/1999	41,223.34	-	41,223.34
3/01/2000	41,223.34	-	41,223.34
6/01/2000	41,223.34	-	41,223.34
9/01/2000	41,223.34	-	41,223.34
12/01/2000	41,223.34	-	41,223.34
3/01/2001	41,223.34	-	41,223.34
6/01/2001	41,223.34	-	41,223.34
9/01/2001	41,223.34	-	41,223.34
12/01/2001	41,223.34	-	41,223.34
3/01/2002	41,223.34	-	41,223.34
6/01/2002	41,223.34	-	41,223.34
9/01/2002	41,223.34	-	41,223.34
12/01/2002	41,223.34	-	41,223.34
3/01/2003	41,223.34	-	41,223.34
6/01/2003	41,223.34	-	41,223.34
9/01/2003	41,223.34	-	41,223.34
12/01/2003	41,223.34	-	41,223.34
3/01/2004	41,223.34	-	41,223.34
6/01/2004	41,223.34	-	41,223.34
9/01/2004	41,223.34	-	41,223.34
12/01/2004	41,223.33	-	41,223.33
3/01/2005	41,223.33	-	41,223.33
6/01/2005	41,223.33	-	41,223.33
9/01/2005	41,223.33	-	41,223.33
12/01/2005	41,223.33	-	41,223.33
3/01/2006	41,223.33	-	41,223.33
6/01/2006	41,223.33	-	41,223.33
9/01/2006	41,223.33	-	41,223.33
12/01/2006	41,223.33	-	41,223.33
3/01/2007	41,223.33	-	41,223.33
6/01/2007	41,223.33	-	41,223.33
9/01/2007	41,223.33	-	41,223.33
12/01/2007	41,223.33	-	41,223.33
3/01/2008	41,223.33	-	41,223.33
6/01/2008	41,223.33	-	41,223.33
9/01/2008	41,223.33	-	41,223.33

Opequon Public Service District, West Virginia
 Infrastructure Loan \$3,339,090
 20 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2008	41,223.33	-	41,223.33
3/01/2009	41,223.33	-	41,223.33
6/01/2009	41,223.33	-	41,223.33
9/01/2009	41,223.33	-	41,223.33
12/01/2009	41,223.33	-	41,223.33
3/01/2010	41,223.33	-	41,223.33
6/01/2010	41,223.33	-	41,223.33
9/01/2010	41,223.33	-	41,223.33
12/01/2010	41,223.33	-	41,223.33
3/01/2011	41,223.33	-	41,223.33
6/01/2011	41,223.33	-	41,223.33
9/01/2011	41,223.33	-	41,223.33
12/01/2011	41,223.33	-	41,223.33
3/01/2012	41,223.33	-	41,223.33
6/01/2012	41,223.33	-	41,223.33
9/01/2012	41,223.33	-	41,223.33
12/01/2012	41,223.33	-	41,223.33
3/01/2013	41,223.33	-	41,223.33
6/01/2013	41,223.33	-	41,223.33
9/01/2013	41,223.33	-	41,223.33
12/01/2013	41,223.33	-	41,223.33
3/01/2014	41,223.33	-	41,223.33
6/01/2014	41,223.33	-	41,223.33
9/01/2014	41,223.33	-	41,223.33
12/01/2014	41,223.33	-	41,223.33
3/01/2015	41,223.33	-	41,223.33
6/01/2015	41,223.33	-	41,223.33
9/01/2015	41,223.33	-	41,223.33
12/01/2015	41,223.33	-	41,223.33
3/01/2016	41,223.33	-	41,223.33
6/01/2016	41,223.33	-	41,223.33
9/01/2016	41,223.33	-	41,223.33
12/01/2016	41,223.33	-	41,223.33
3/01/2017	41,223.33	-	41,223.33
6/01/2017	41,223.33	-	41,223.33
9/01/2017	41,223.33	-	41,223.33
12/01/2017	41,223.32	-	41,223.32
TOTAL	3,339,090.00	-	3,339,090.00

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: _____, 19_____.

In the presence of:

CHS/101880

WV MUNICIPAL BOND COMMISSION
 8 Capitol Street
 Suite 500
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 1, 2001

ISSUE: Berkeley County Public Service District Water Revenue Bonds, Series 1997 (Formerly Opequon Public Service District Water Revenue Bonds, Series 1997)

ADDRESS: Route 26, Runnymede Road, Bunker Hill, WV 25413 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: N/A
 Refunding: N/A REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 25, 1997 CLOSING DATE: June 25, 1997

ISSUE AMOUNT: \$ 3,339,090 RATE: 0%

1ST DEBT SERVICE DUE: December 1, 1997 1ST PRINCIPAL DUE: December 1, 1997

1ST DEBT SERVICE AMOUNT: \$ 41,223.34 PAYING AGENT: Municipal Bond Commission

MERGER BOND

COUNSEL: Steptoe & Johnson PLLC
 Contact Person: Vincent A. Collins, Esquire
 Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly PLLC
 Contact Person: Samme Gee, Esquire
 Phone: (304) 340-1318

ISSUANCE BOND

COUNSEL: Bowles Rice McDavid Graff & Love PLLC
 Contact Person: Camden P. Siegrist, Esquire
 Phone: (304) 347-1100

ESCROW TRUSTEE:

Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: William T. Alexander, II
 Position: Chairman
 Phone: (304) 229-5255

OTHER: West Virginia Infrastructure & Jobs Development

Contact Person: Katy Mallory, P. E.
 Function: Executive Secretary
 Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE: _____
 By: _____ Wire _____
 _____ Check _____
 _____ Other: _____
 Accrued Interest: \$ _____
 Capitalized Interest: \$ _____
 Reserve Account: \$ _____
 Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
 By: _____ Wire _____ To Escrow Trustee: \$ _____
 _____ Check _____ To Issuer: \$ _____
 _____ IGT _____ To Cons. Invest. Fund: \$ _____
 _____ To Other: _____ \$ _____

NOTES: Change in obligor on Opequon Public Service District Water Revenue Bonds, Series 1997, following merger of Opequon Public Service District into Berkeley County Public Service District and re-designation as Berkeley County Public Service District Water Revenue Bonds, Series 1997.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

05/29/01
067740.99004

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HEDGESVILLE PUBLIC SERVICE DISTRICT
WATER REFUNDING BOND ANTICIPATION NOTE, SERIES 2001 A

No. R-1

\$385,000

KNOW ALL MEN BY THESE PRESENTS: That HEDGESVILLE PUBLIC SERVICE DISTRICT, a public service district, 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 sources and in the manner provided therefor, as hereinafter set forth, to Branch Banking and Trust Company or registered assigns, on the 29th day of December, 2001, the principal sum of Three Hundred Eighty-Five Thousand Dollars (\$385,000.00), together with interest thereon at the rate of Four and Twenty-Seven One Hundredths percent (4.27%) per annum, said interest to be also payable on December 29, 2001.

The principal of this Note and the interest thereon are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of Branch Banking and Trust Company, Martinsburg, West Virginia (the "Paying Agent").

This Note may be redeemed prior to its stated date of maturity in whole at any time at the option of the Issuer without penalty.

This Note is issued (i) to temporarily finance the costs of refunding the Issuer's Water Revenue Bond, Series 1976, and (ii) to pay a portion of the costs of issuance hereof and related costs. This Note 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Notes Resolution duly adopted by the Issuer on June 28, 2001, and a Supplemental Resolution duly adopted by the Issuer on June 28, 2001 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof which are hereby incorporated herein by reference as if set forth herein verbatim.

The principal of this Note and the interest thereon are payable only from and secured by a first lien on (1) the proceeds of any grants received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer (or the Surviving Entity after the Merger as such terms are defined below), issued subsequent to the issuance of this Note (other than the BCPSD Bonds hereinafter described); and (3) Surplus Revenues (as defined in the Notes Legislation), if any. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. In the event any grants are received for the System or any revenue bonds (other than the BCPSD Bonds), refunding bonds or other obligations of the Issuer (or the Surviving Entity after the Merger as such terms are defined below) are issued, the Issuer shall pay the entire outstanding principal of and interest accrued to the date of payment of the Notes from the proceeds thereof. In the event that no grants have been received and no revenue bonds or other obligations of the Issuer (or the Surviving

Entity after the Merger as such terms are defined below)(other than the BCPSD Bonds) have been issued sufficient to pay the Notes in full by the maturity date of the Notes, the Issuer agrees to use its best efforts to obtain approval of the Public Service Commission of West Virginia to increase its rates in a manner sufficient to pay the principal of and interest on the Notes from Surplus Revenues within a reasonable period of time.

This Note is subordinate, junior and subject to the Issuer's Water Revenue Bonds, Series 1993 A, issued on March 8, 1993, in the original aggregate principal amount of \$528,871, the Issuer's Water Revenue Bonds, Series 1993 B, issued on March 8, 1993, in the original aggregate principal amount of \$17,629, and the Issuer's Water Revenue Bonds, Series 1996, issued on August 6, 1996, in the original aggregate principal amount of \$677,158. This Note will also be subordinate, junior and subject to the BCPSD Bonds hereinafter described and the outstanding water revenue bonds of the Berkeley County Public Service District and the Opequon Public Service District following the Merger hereinafter described.

By orders of The County Commission of Berkeley County, West Virginia, the Issuer, the Berkeley County Public Service District and the Public Service Commission of West Virginia, it has been ordered and directed that the Issuer, along with Opequon Public Service District, be merged with and into the Berkeley County Public Service District, with the Berkeley County Public Service District being the surviving entity (the "Surviving Entity") and merger to be effective July 1, 2001 (the "Merger").

The Issuer contemplates that the Surviving Entity will issue its water revenue bonds after the Merger to finance the costs of the project that has been initiated by the Issuer within the Issuer's service area, which project includes a new water tank and other improvements to the System, and, as part of said issue, the Issuer contemplates that the Surviving Entity will also issue a sufficient amount of water revenue bonds to pay in full this Note.

The Issuer also contemplates that the Surviving Entity will issue its water revenue bonds after the Merger to finance the costs of a project that has been initiated by the Berkeley County Public Service District within its service area (the "BCPSD Bonds"). The proceeds of the BCPSD Bonds will not be pledged or applied to the payment of this Notes and the BCPSD Bonds will be senior and prior to this Note after the Merger.

Pursuant to the Merger, the Surviving Entity will assume the obligations of the Issuer with respect to this Note without the necessity of obtaining the consent or authorization of the Holder hereof, said consent and authorization of the Holder hereof having been given as a condition to the acceptance of this Note.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the holders hereof, for the terms of which reference is made to the Notes Legislation. Remedies provided the holders hereof are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of Branch Banking and Trust Company, Martinsburg, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the refunding of the Issuer's Water Revenue Bond, Series 1976 and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

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

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, HEDGESVILLE PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated June 29, 2001.

[SEAL]

SPECIMEN
Boyd S. Bullock

Chairperson

Attest:

SPECIMEN
[Signature]

Secretary

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____.

SPECIMEN

IN THE PRESENCE OF:

GBB.GBB.0082346

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(West Virginia)

WATER REFUNDING REVENUE BONDS, SERIES 1993 A AND
SERIES 1993 B

BOND RESOLUTION

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING THE REFUNDING OF THE DISTRICT'S WATER REVENUE BONDS, SERIES A, WATER REFUNDING REVENUE BONDS, SERIES 1988, WATER REVENUE BOND, SERIES 1990, AND OTHER WATER REVENUE OBLIGATIONS THROUGH THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 1993 A AND SERIES 1993 B OF THE DISTRICT, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$3,900,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING, AND TO PAY COSTS AND EXPENSES IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, Berkeley County Public Service District (the "Issuer") in Berkeley County, West Virginia, presently owns and operates a public waterworks system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds, refunding bonds or other obligations, of which there are presently outstanding the following:

(i) Water Revenue Bonds, Series A, dated March 1, 1960, originally issued in the aggregate principal amount of \$820,000, of which \$245,000 principal amount is presently outstanding (the "Series A Bonds");

(ii) Water Refunding Revenue Bonds, Series 1988, dated July 1, 1988, originally issued in the aggregate principal amount of \$2,360,000, of which \$2,025,000 is presently outstanding (the "Series 1988 Bonds");

(iii) Water Revenue Bond, Series 1990, dated November 14, 1990, originally issued in the principal amount of \$918,000, of which \$907,373 is presently outstanding (the "Series 1990 Bond"); and

(iv) A note, dated November 8, 1990, originally issued in the principal amount of \$79,000, of which \$70,000 is presently outstanding (the "Bank Loan");

WHEREAS, the Series A Bonds, Series 1988 Bonds, Series 1990 Bond and Bank Loan were issued pursuant to resolutions of the Issuer adopted on March 16, 1960, July 7, 1988, November 14, 1990 and November 8, 1990, as supplemented, respectively (such resolutions respectively herein called the "Series A Resolution," the "Series 1988 Resolution," the "Series 1990 Resolution" and the "Bank Loan Resolution" and collectively herein called the "Prior Resolutions");

WHEREAS, under the provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue water refunding revenue bonds to refund, pay or discharge all or any portion of its outstanding water revenue Bonds;

WHEREAS, the Issuer has been advised that substantial interest cost savings will be realized by refunding all of its outstanding water revenue bonds, being the Series A Bonds, the Series 1988 Bonds, the Series 1990 Bond and the Bank Loan (collectively, herein called the "Prior Bonds");

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents to refund the Series A Bonds and the Series 1988 Bonds to their respective first redemption dates, being September 1, 1993, for the Series A Bonds and March 1, 1998 for the Series 1988 Bonds, and on such dates, to redeem and pay in full the entire remaining principal amount of the Series A Bonds and Series 1988 Bonds and the unpaid interest thereon, and to refund the Series 1990 Bond and the Bank Loan by payment, on the Closing Date, of the entire unpaid principal of and interest accrued on the Series 1990 Bond and the Bank Loan, in the manner set forth herein, with proceeds of the issuance of two series of bonds to be designated respectively, "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 1993 A" and "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 1993 B" (individually, the "Series 1993 A Bonds" and the "Series 1993 B Bonds," and collectively, the "Series 1993 Bonds") such Series 1993 Bonds to be in the maximum aggregate principal amount of \$3,900,000, and to be secured by and payable from the Net Revenues of the System of the Issuer and containing such other terms and provisions as are hereinafter provided; and

WHEREAS, the Issuer now desires to authorize the refunding of the Prior Bonds, as aforesaid, and to provide for the financing of such refunding by the issuance of the Series 1993 Bonds and such other provisions as hereinafter provided;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 1993 Bonds.

"AMBAC Indemnity" means AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

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

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

"Bank Loan" shall have the meaning set forth in the premises hereof.

"Bank Loan Resolution" shall have the meaning set forth in the premises hereof.

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

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

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

"Bond Insurer" or "Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 1993 Bonds, shall initially mean AMBAC Indemnity Corporation.

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

"Bond Year" means the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 1993 Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 1993 Bonds, in substantially the form set forth in EXHIBIT A - BOND FORM, attached hereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 1993 Bonds for the proceeds representing the purchase price thereof.

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

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

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

"Costs" or similar terms, means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding

the Prior Bonds including payment of redemption premiums and accrued interest thereon, acquisition and construction of additions, betterments or improvements for the System, including the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for not more than 6 months after completion of construction of any such project; amounts which may be deposited in the Reserve Account; engineering, legal and accounting 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 any such project, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, fiscal agent fees and expenses, underwriter's discount, initial fees for the services of registrars, paying agents, depositories, trustees or escrow trustees, or other costs in connection with the sale of the Bonds and refunding of the Prior Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of any such 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 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed allowable Costs.

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

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

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

"District" or "Issuer" means Berkeley County Public Service District, in Berkeley County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body.

"DTC-eligible" means, with respect to the Series 1993 Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agreement" means the agreement to be entered into between the Issuer, the Bond Commission and the Escrow Trustee, providing for the defeasance and ultimate payment of the Prior Bonds, the disposition of moneys in the various funds and accounts under the Prior Resolutions, and matters in connection therewith, the form of which shall be approved by Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established by the Escrow Agreement.

"Escrow Trustee" means the escrow trustee under the Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

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

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

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

"FmHA" means Farmers Home Administration, United States Department of Agriculture, and any successor thereto, as owner of the Series 1990 Bond.

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

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury).

"Gross Revenues" or "Revenues" means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, but 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). The terms "Revenues" or "Gross Revenues" shall include but not be limited to the Net Revenues.

"Independent 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Interest Payment Date" means March 1 and September 1 of each year, commencing September 1, 1993.

"Issuer" or "District" means Berkeley County Public Service District, in Berkeley County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment when due of the principal of and interest on the Series 1993 Bonds as provided therein.

"Net Proceeds" means the face amount of the Series 1993 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the 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 1993 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses," unless qualified, means the reasonable current expenses, paid or accrued, of operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Registrar, the Depository Bank and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses"

does not include payments on account of the principal of or redemption premium, if any, or interest on the Prior Bonds or the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund provided for in Section 4.01 hereof.

"Original Purchaser" means Ferris, Baker Watts, Incorporated, Baltimore, Maryland, as the purchaser of the Series 1993 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 1993 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 1993 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 1993 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said Supplemental Resolution to be adopted by the Governing Body at the time of approval of such sale of said Series 1993 Bonds.

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

"Paying Agent" means the Registrar and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" shall have the meaning set forth in the premises hereof, and shall include the coupons appertaining thereto, if any.

"Prior Resolutions" shall have the meaning set forth in the recitals hereto.

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

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

A. The following obligations are Qualified Investments for all purposes, including defeasance investments in refunding escrow accounts:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

B. The following obligations are Qualified Investments for all purposes other than defeasance investments in refunding escrow accounts:

- (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export-Import Bank
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)

- U.S. Department of Housing & Urban Development
(PHA's)

- Federal Housing Administration;

(2) bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" By Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(3) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's Investors Service and which matures not more than 270 days after the date of purchase;

(5) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation;

(6) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such

irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of an interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) investment agreements approved in writing by AMBAC Indemnity Corporation [supported by appropriate opinions of counsel] with notice to Standard & Poor's Corporation;

(8) any State-administered pool investment fund in which the Issuer is statutorily permitted or required to invest; and

(9) other forms of investments approved in writing by AMBAC with notice to Standard & Poor's Corporation.

C. The value of the above investments shall be determined as follows:

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(1) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(2) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Issuer in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(4) as to any investment not specified above: the value thereof established by prior agreement between the Issuer and AMBAC Indemnity Corporation.

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

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

"Redemption Account" means the Redemption Account created in the Sinking Fund by Section 4.02 hereof.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

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

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund provided for in Section 4.01 hereof.

"Reserve Account" means the Reserve Account for the Series 1993 A Bonds created in the Sinking Fund by Section 4.02 hereof.

"Reserve Account Requirement" means, as of any date of calculation, Maximum Annual Debt Service on the Series 1993 A Bonds and any Bonds issued on a parity therewith, provided that such amount shall not exceed ten percent of the face amount of the Series 1993 A Bonds.

"Resolution," regardless of whether preceded by the article "the" or "this," means this Resolution, as it may hereafter from time to time be amended or supplemented.

"Revenue Fund" means the Revenue Fund provided for in Section 4.01 hereof.

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

"Series A Bonds" shall have the meaning set forth in the premises hereof, and shall include the coupons appertaining thereto, if any.

"Series A Resolution" shall have the meaning set forth in the premises hereof.

"Series 1988 Bonds" shall have the meaning set forth in the premises hereof.

"Series 1988 Resolution" shall have the meaning set forth in the premises hereof.

"Series 1990 Bond" shall have the meaning set forth in the premises hereof.

"Series 1990 Resolution" shall have the meaning set forth in the premises hereof.

"Series 1993 A Bonds" means the Water Refunding Revenue Bonds, Series 1993 A, of the Issuer, originally authorized to be issued pursuant to this Resolution and the Supplemental Resolution.

"Series 1993 B Bonds" means the Water Refunding Revenue Bonds, Series 1993 B, of the Issuer, originally authorized to be issued pursuant to this Resolution and the Supplemental Resolution.

"Series 1993 Bonds" means, collectively, the Series 1993 A Bonds and the Series 1993 B Bonds.

"Sinking Fund" means the Sinking Fund created by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1993 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities

and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system, and shall also include any additions, betterments, extensions, improvements or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

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

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

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

Reference to any account or fund created hereunder shall include accounts or funds continued hereby, whether expressly so provided or not.

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

Section 1.03. Findings. It is hereby found, determined and declared as follows:

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

B. The Issuer now owns and operates the System, the acquisition and construction of which has been financed in part by the proceeds of the Prior Bonds which are currently outstanding in the aggregate principal amount of \$3,247,373.

C. The Issuer derives revenues from the System. The Net Revenues of the System are pledged for payment of the Prior Bonds. Except for such pledges thereof to secure and pay the Prior Bonds, said Net Revenues are not otherwise pledged or encumbered in any manner.

D. The Issuer intends to issue the Series 1993 Bonds to refund the Prior Bonds and to pledge for payment thereof, the Net Revenues of the System.

E. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon the refunding of the Prior Bonds, as herein provided, to provide for the operation and maintenance of the System, the payment of interest upon all bonds issued pursuant to the Act and to create a sinking fund, as hereinafter provided, to pay the principal thereof as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Resolution.

F. Based upon the principal amount, maturity schedule and interest rates for the Series 1993 Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 1993 Bonds show a savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 1993 Bonds.

G. The Issuer shall not sell the Series 1993 Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F, above, based upon the actual principal amount, maturity schedule and interest rates for the Series 1993 Bonds, and the Issuer shall not issue the Series 1993 Bonds without having obtained from an independent certified public accountant a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 1993 Bonds and the net interest cost in dollars of the Prior Bonds.

H. Subject to the determination and certification required by paragraph G, above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 1993 Bonds to refund the Prior Bonds and secure the Series 1993 Bonds by a pledge of the Net Revenues, the moneys in the Sinking Fund and the Reserve Account therein, unexpended proceeds of the Series 1993 Bonds, if any, and as further set forth herein.

I. The Series 1993 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in

substantially the forms set forth in EXHIBIT A - BOND FORMS, attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

J. All things necessary to make the Series 1993 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge those funds pledged hereby to the payment of the principal of and interest on the Series 1993 Bonds have been or will be timely done and duly performed.

K. The adoption of this Resolution, and the execution and issuance of the Series 1993 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument, agreement or document to which the Issuer is a party or by which it may be bound or affected.

L. As of the Closing Date, the only Outstanding obligations of the Issuer will be the Series 1993 Bonds and there will be no Outstanding obligations which will rank prior to or on a parity with the Series 1993 Bonds as to lien, pledge and/or source of and security for payment. The Series 1993 Bonds will be junior and subordinate to the Series 1993 A Bonds.

M. The Issuer has complied with all requirements of law relating to the operation of the System and the issuance of the Series 1993 Bonds, or will have so complied prior to issuance of any of the Series 1993 Bonds, including, among other things, the consent to and approval of the refunding of the Prior Bonds and issuance of the Series 1993 Bonds by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or otherwise having been waived to the extent lawfully allowed.

N. The period of usefulness of the System is not less than 40 years.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall own or hold the same from time to time, this Resolution and the provisions hereof 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without

preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding of Prior Bonds.

The Series 1990 Bond, currently Outstanding in the principal amount of \$907,373 is hereby ordered to be refunded by the payment to FmHA, as the Owner thereof, on the Closing Date, of the entire principal of and interest accrued thereon. The Bank Loan, currently Outstanding in the principal amount of \$70,000, is hereby ordered to be refunded by the payment to the Owner thereof, on the Closing Date, of the entire principal of and interest accrued thereon. All Series A Bonds and Series 1988 Bonds Outstanding as of the date of issuance of the Series 1993 Bonds in the aggregate principal amount of \$2,270,000 are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such refunded Prior Bonds imposed by the Prior Resolutions, the moneys in the funds and accounts created by the Prior Resolutions and any other funds pledged by the Prior Resolutions thereto are hereby ordered terminated, discharged and released upon the payment in full of the principal of and interest on the Series 1990 Bond and the Bank Loan and payment into the Escrow Fund from the proceeds of the Series 1993 Bonds, together with other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Trustee charges to become due and payable in connection with the Prior Bonds and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series A Bonds and Series 1988 Bonds as the same become due, to the respective serial maturity dates thereof, but in no event beyond the respective first dates upon which the entire aggregate amount of the Series A Bonds and Series 1988 Bonds may be redeemed, being September 1, 1993, for the Series A Bonds and March 1, 1998, for the Series 1988 Bonds, all as set forth in the Escrow Agreement. Contemporaneously with the payment of the Series 1990 Bond and the Bank Loan, and deposit of such Series 1993 Bond proceeds into the Escrow Fund, the amounts on deposit in the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the Prior Bonds shall be deposited in the Escrow Fund, the Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement, and invested as provided in the Escrow Agreement or this Resolution, if applicable.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution, may be issued only as fully registered Bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable Interest Payment Date or on such Interest Payment Date, from such Interest Payment Date or, if no interest on such Bonds has been paid, from the date thereof; or, if and to the extent that the Issuer shall have defaulted in the payment of interest on any Interest Payment Date, then from the most recent Interest Payment Date to which interest has been paid or duly provided for.

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

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

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may

nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in EXHIBIT A - BOND FORMS attached hereto and incorporated herein by reference with respect to the Series 1993 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for registration and transfer set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said 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.

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

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

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

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

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

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Redemption Account in accordance with Subsection 4.03(A)(3) and (6) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

C. The Issuer shall on or before the 60th day next preceding each mandatory redemption date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the

preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

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

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

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

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

- (1) The redemption date,
- (2) The redemption price,
- (3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial

redemption, the respective principal amounts) of the Bonds to be redeemed,

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

(5) The place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar, and

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

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

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

In addition to the foregoing notice, further notice as set out below shall be given by the Registrar, at the instruction of the Issuer, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat

the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each bond being redeemed; (iv) the maturity date of each bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to the Bond Buyer, of New York, New York, and all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Sections 3.01 and 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds

in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 1993 Bonds. For the purposes of refunding all of the Outstanding Prior Bonds of the Issuer, funding the Reserve Account or portion thereof and paying costs in connection therewith, there shall be issued the Series 1993 Bonds of the Issuer, in an aggregate principal amount of not more than \$3,900,000. Said Series 1993 Bonds shall be issued in two series, designated respectively, "Water Refunding Revenue Bonds, Series 1993 A" and "Water Refunding Revenue Bonds, Series 1993 B" and shall be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1993 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1993 Bonds of each series shall be numbered with the series prefix from R-1 consecutively upward. The Series 1993 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 1993 Bonds.
A. The Series 1993 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 1993 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 1993 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 1993 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 1993 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 1993 Bond or any other evidence of ownership of the Series 1993 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 1993 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 1993 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 1993 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 1993 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 1993 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 1993 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 1993 Bonds so redeemed, but DTC may return such Series 1993 Bonds and make an appropriate notation on the Series 1993 Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 1993 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 1993 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 1993 Bonds, selecting the Series 1993 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 1993 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 1993 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 1993 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest

on the Series 1993 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 1993 Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 1993 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 1993 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 1993 Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 1993 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 1993 Bonds.

Section 3.12. Delivery of Series 1993 Bonds. The Issuer shall execute and deliver the Series 1993 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 1993 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 1993 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1993 Bonds to the Original Purchaser;

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

(D) The unqualified approving opinion upon the Series 1993 Bonds by Bond Counsel; and

(E) The Municipal Bond Insurance Policy or a copy thereof.

Section 3.13. Form of Series 1993 Bonds. The definitive Series 1993 Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 1993 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval. The definitive Series 1993 Bonds shall have the form of the opinion of Steptoe & Johnson, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 1993 Bonds. Upon the issuance and delivery of the Series 1993 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 1993 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Sinking Fund and applied to payment of interest on the Series 1993 Bonds at the first Interest Payment Date.

B. The amount of the Series 1993 Bond proceeds which, together with other moneys or securities of the Issuer deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series A Bonds and the Series 1988 Bonds (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

C. The amount of Series 1993 Bond proceeds sufficient to accomplish the refunding and payment in full of the Series 1990 Bonds shall be paid to FmHA immediately upon issuance of the Series 1993 Bonds.

D. The amount of Series 1993 Bond proceeds sufficient to accomplish the refunding and payment in full of the Bank Loan shall be paid to the Owner thereof immediately upon issuance of the Series 1993 Bonds.

E. The amount of Series 1993 Bond Proceeds which, together with other moneys or securities of the Issuer, are equal to the Reserve Account Requirement, shall be remitted to the Bond Commission for deposit in the Reserve Account, provided that, to the extent the Reserve Account Requirement is satisfied in whole or in part from proceeds of any fund or account established pursuant to the Prior Resolution, Series 1993 Bond Proceeds shall be deposited in the Reserve Account only to the extent needed to satisfy the balance of the Reserve Account Requirement.

F. The amount of Series 1993 Bonds proceeds sufficient to pay all costs of issuance of the Series 1993 Bonds and miscellaneous costs of refunding the Prior Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay such costs of issuance of the Series 1993 Bonds and miscellaneous costs of refunding the Prior Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose, such unapplied proceeds shall be transferred by the Issuer to the Redemption Account established by Section 4.01 hereof. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 1993 Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following separate and special funds are created with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01) and used solely for the purposes provided herein:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Operation and Maintenance Fund;
- (4) Costs of Issuance Fund; and
- (5) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special fund and accounts are hereby established with and shall be held by the Bond Commission:

- (1) Sinking Fund;
 - (a) Within the Sinking Fund:
 - (i) Reserve Account; and
 - (ii) Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows, subject to the provisions of Section 5.03 hereof:

A. The entire Gross Revenues derived from the operation of the System shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund 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 Resolution. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund into the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System, and said amount and said fund shall be used and disbursed only for that purpose.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, beginning on the first day of that month which is 7 months prior to the first interest payment date on the Series 1993 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Bond Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1993 A Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing semiannual interest payment date on the Series 1993 A Bonds is less than 7 months, then such monthly payments for deposit in the Sinking Fund shall be increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on the Series 1993 A Bonds on such date.

(3) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment or mandatory redemption date of the Series 1993 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Sinking Fund, and in the Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 1993 A Bonds on the next ensuing principal payment or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing principal payment or mandatory redemption date on the Series 1993 A Bonds is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory redemption date on the Series 1993 A Bonds, the required amount of principal coming due on the Series 1993 A Bonds on such date.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, each month, apply such moneys, to the full extent necessary, for deposit into the Reserve Account beginning with the first full calendar month following the date on which (i) the valuation of investments in the Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Reserve Account is less than the Reserve Account Requirement, or (ii) amounts have been withdrawn from the Reserve Account, for deposit into the Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be sufficient to restore the amount of moneys on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement; provided, that in no event shall the amount deposited into the Reserve Account in any month be less than, in the event the deficiency in the Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to not less than 1/4th of the amount of such deficiency, and otherwise, an amount equal to not less than 1/12th of the amount of the deficiency in the Reserve Account determined as set forth in clause (i) above and the amount then withdrawn from the Reserve Account (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the Reserve Account shall have been made equal to the Reserve Account Requirement prior to such twelfth consecutive month) subject to the provisions of Section 5.01(C) hereof; and provided further, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Reserve Account Requirement.

Amounts in the Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Bonds when due, when amounts in the Sinking Fund are insufficient therefor, and for no other purpose.

(5) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, beginning on the first day of that month which is seven months prior to the first interest payment date on the Series 1993 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Bond Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1993 B Bonds on the next ensuing semiannual interest payment date, provided,

that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing semiannual interest payment date on the Series 1993 B Bonds is less than seven months, then such monthly payments for deposit in the Sinking Fund shall be increased proportionately to provide, one month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on the Series 1993 B Bonds on such date.

(6) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment date of the Series 1993 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1993 B Bonds on the next ensuing principal payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing principal payment date on the Series 1993 B Bonds is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next ensuing principal payment date on the Series 1993 B Bonds, the required amount of principal coming due on the Series 1993 B Bonds on such date.

(7) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the prior month's Gross Revenues. No further payments shall be required to be made into the Renewal and Replacement Fund when there shall have been deposited therein, and so long as there shall remain on deposit therein, the sum of \$250,000.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due, whether by maturity or redemption prior to maturity, and are hereby pledged for such purpose. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Sinking Fund when the aggregate amount of funds in the Sinking Fund, including the Reserve Account

therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1993 A Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity in accordance with the provisions hereof and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from the Sinking Fund.

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

The Issuer shall restore any withdrawals from the Reserve Account which have the effect of reducing the assets therein below the Reserve Account Requirement from the first Net Revenues available after all other required payments to the Sinking Fund, including any deficiencies for prior payments, have been made in full; provided, that the Issuer shall not be required to restore such deficiency when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate amount of Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

Withdrawals and disbursements may be made by the Issuer from the Renewal and Replacement Fund only for the following purposes:

- (a) To make up any deficiency in the Reserve Account (so that the amount on deposit therein is at least equal to the Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Fund (including the Reserve Account);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System;

(d) For the payment of debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such land and depreciable renewals, repairs, extensions, improvements and additions to the System; or

(e) To meet payment of Operating Expenses of the System to whatever extent and if for any reason funds in the Operation and Maintenance Fund are insufficient for that purpose.

(8) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, accrue the surplus then remaining in the Revenue Fund and if there is a balance in the Revenue Fund in excess of the estimated amounts to be paid into the Operation and Maintenance Fund and the Sinking Fund during the succeeding 3 months, such excess may be withdrawn and paid into the Renewal and Replacement Fund or used for the purchase or retirement prior to maturity of Bonds.

(9) If on any monthly payment date the Gross Revenues are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond

Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding such designation to the contrary, the Bond Commission shall deposit all remittances in the amounts and in the funds and accounts as provided herein.

C. The Bond Commission shall, on or prior to any Interest Payment Date, or principal payment date, remit to the Paying Agent the amount payable on the Bonds on such dates, to the extent that moneys are available in the Sinking Fund for such payment.

D. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC 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 municipal funds under the laws of the State.

E. The Issuer shall remit from the Revenue Fund to pay the fees and charges, if any, when due, of the Bond Commission, the Registrar, the Paying Agent, the Escrow Trustee and the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent, the Escrow Trustee and the Depository Bank, as the case may be.

F. All Connection Fees, if any, shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE;
REBATES OF EXCESS INVESTMENT EARNINGS

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

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

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

(A) Qualified Investments acquired for the Renewal and Replacement Fund or Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

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

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually,

except in the event of a withdrawal from the Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Net Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(4).

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

(E) Notwithstanding the foregoing, all moneys deposited in the Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia State Issuer of Investments pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

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

Section 5.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1993 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Sinking Fund and all accounts therein, the unexpended proceeds of the Bonds or moneys in a construction fund, if any, all as herein provided. No Holder or Holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues and Moneys in Sinking Fund; Series 1993 B Bonds Junior and Subordinate to Series 1993 A Bonds. The payment of the debt service of all of the Series 1993 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and all moneys and securities in the Sinking Fund, including the Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The payment of the debt service of all of the Series 1993 B Bonds issued hereunder shall be secured by a lien on the Net Revenues derived from the operation of the System, but such lien shall be junior and subordinate in all respects, to the lien on such Net Revenues in favor of the Series 1993 A Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized, and to make the payments into the Sinking Fund, all moneys and securities in the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the principal of and interest on the

Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Prior to the issuance of the Series 1993 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Secretary of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than the sum of (i) 115% of the Maximum Annual Debt Service on the Series 1993 A Bonds and any additional Bonds ranking on a parity with the Series 1993 A Bonds in any Fiscal Year; and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to apply to the Public Service Commission of West Virginia as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination by the Issuer that less than the above-required coverage exists or in the event that the annual budget shows that less than the above-required coverage will be available at any time during the next ensuing Fiscal Year, such increase to provide rates and charges sufficient to produce such required coverage.

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

Section 6.06. Sale of the System. Subject to applicable provisions of law and rules and regulations of the Public Service Commission of West Virginia, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Resolution as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Bond Commission for deposit in the Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereafter 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 Revenue 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, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, 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 Depreciation Fund. Such payments of such proceeds into the Depreciation Fund or the Redemption Account shall reduce the amounts required to be paid into said funds by other provisions of this Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of \$200,000 and insufficient to defease the pledge created by this Resolution, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding or, in lieu of such consent, the written consent of the

Bond Insurer, so long as the Bond Insurer is not in default under the Municipal Bond Insurance Policy. 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.

Notwithstanding any of the foregoing provisions of this Section 6.06 to the contrary, the Issuer hereby reserves the right to sell, lease or otherwise convey all or any portion of the water distribution system consisting of certain 2-inch to 10-inch water lines, a storage tank and all necessary appurtenances serving the northern area of Berkeley County and described in the Agreement dated as of June 23, 1983, by and between the Issuer and Opequon Public Service District as the "franchised area" (the "Northern Water Lines")], such sale, lease or other conveyance of the Northern Water Lines to be at such time or times and in such manner and for such rents, prices or other compensation as the Issuer shall determine and without any other restrictions upon such sale, lease or other conveyance insofar as this Resolution is concerned. Moneys received upon any such sale (but not rental income derived from leasing), after deduction of all costs of such sale, shall be deposited upon receipt by the Issuer in the Revenue Fund and applied within 90 days of such receipt to redemption of all or a commensurate portion of the Series 1993 B Bonds then Outstanding. In the event proceeds of such sale exceed the then principal amount of Series 1993 B Bond Outstanding, they may be used for any lawful purpose of the Issuer.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Series 1993 A Bonds; and all obligations hereafter issued by the Issuer payable from the Revenues of the System, except such additional 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 Series 1993 A Bonds.

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, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 1993 A Bonds, and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Series 1993 A Bonds and the interest thereon in this Resolution or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the Revenues of the System shall be issued after the issuance of the Series 1993 A Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or any combination of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary of the Issuer a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the increased annual Net Revenues expected to be received during the first year following the date of issuance of such parity Bonds shall not be less than 115% of the Maximum Annual Debt Service on the following:

- (1) The Series 1993 A Bonds and Series 1993 B Bonds then Outstanding;
- (2) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The additional parity Bonds then proposed to be issued.

The "increased annual Net Revenues expected to be received" 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 any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Secretary of the Issuer prior to the issuance of such additional parity Bonds. The Net Revenues actually derived from the System during the preceding Fiscal Year hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate

jointly made and signed by the Consulting Engineers and the Independent Accountants, and filed with the Governing Body, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the Public Service Commission of West Virginia the time for appeal of which shall have expired (without successful appeal) prior to issuance of such additional parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Series 1993 A Bonds, and all the covenants and other provisions of this Resolution (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1993 A Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any such Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

No additional parity Bonds shall be valid unless authenticated pursuant to Section 3.03. Prior to such authentication, registration, if applicable, and delivery, the Registrar shall receive those documents prescribed by Section 3.12 with respect to the Series 1993 Bonds (other than the Municipal Bond Insurance Policy), modified as deemed necessary by the Registrar to reflect the issuance of such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds (excluding the Series 1993 B Bonds) on such Net Revenues. Any such subordinate bonds, notes, certificates or other obligations, including the Series 1993 B Bonds, shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2), (3) and (4) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Net Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such

Net Revenues, with the Bonds (excluding the Series 1993 B Bonds) except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Resolution on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of the additional parity Bonds.

The Issuer may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Insurance and 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 and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer from claims for bodily injury and/or death and 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, provided that, the Issuer, with the review of an

insurance consultant and the concurrence of the Issuer, may elect to self-insure. If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

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

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

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

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

Section 6.10. Report of Consulting Engineers. The Issuer shall, at least once every year, retain recognized independent Consulting Engineers in the field of waterworks engineering to supervise and review the operation, maintenance and repair of the System and to report to the Governing Body in writing their recommendations and comments pertaining to the System. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available, upon request, to the Original Purchaser upon request and any Bondholder.

Section 6.11. Free Services and Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free

providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep a proper system of accounts showing receipts from the operation of the System so long as consistent with the laws of the State and will keep proper books of record and account 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 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 allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Governing Body. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the 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 Original Purchaser, within 120 days following the end of each Fiscal Year, and shall mail to any Bondholder requesting the same, an annual report containing the following:

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

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

(C) The amount of Series A Bonds, Bonds and other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the Act and/or the by-laws, rules of procedure and resolutions of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance expenses of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and any bondholder who shall have filed their names and addresses with the Issuer for purposes of receiving such budget and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the 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 Bonds and shall be for the equal benefit of all Holders of the Bonds, provided, however, that the statutory mortgage lien in favor of the Holders of the Series 1993 B Bonds shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Series 1993 A Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1993 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1993 Bonds during the term thereof is, under the terms of the Series 1993 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used

for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1993 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1993 Bonds during the term thereof is, under the terms of the Series 1993 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1993 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the project financed thereby, or if the Series 1993 Bonds are for the purpose of financing more than one project, a portion of the project financed thereby, and shall not exceed the proceeds used for the governmental use of the portion of the project financed thereby to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1993 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1993 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1993 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 1993 Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions or fail to take any actions the result of which would adversely affect such exclusion.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain a Municipal Bond Insurance Policy for the Series 1993 Bonds from AMBAC Indemnity. The following additional covenants of the Issuer are required by AMBAC Indemnity as a condition to insuring the Series 1993 Bonds, shall apply to the Series 1993 Bonds and any other Bonds which may be insured by AMBAC Indemnity and shall be controlling with respect to such Series 1993 Bonds in the event any other provisions of this Resolution may be in conflict therewith. The Issuer hereby covenants, with respect to the Series 1993 Bonds and any other Bonds insured by AMBAC Indemnity, as follows:

A. Consent of AMBAC Indemnity. Any provision of this Resolution expressly recognizing or granting rights in or to AMBAC Indemnity may not be amended in any manner which affects the rights of AMBAC Indemnity hereunder without the prior written consent of AMBAC Indemnity.

B. Consent of AMBAC Indemnity in Addition to Bondholder Consent. Unless otherwise provided in this Section, AMBAC Indemnity's consent shall be required in addition to Bondholder consent, when required, for the purposes of (i) execution and delivery of any supplemental or amendatory resolution or change to or modification of this Resolution; (ii) removal of the Registrar or Paying Agent and selection and appointment of any successor; and (iii) initiation or approval of any other action which requires Bondholder consent.

C. Consent of AMBAC Indemnity Upon Event of Default. Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, AMBAC Indemnity shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders under this Resolution, including, without limitation, the right to accelerate the principal of the Series 1993 Bonds as described in this Resolution and the right to annul any declaration of acceleration, and AMBAC Indemnity shall also be entitled to approve all waivers of Events of Default.

D. Notices to be Given to AMBAC Indemnity. While the Municipal Bond Insurance Policy is in effect, the Issuer shall furnish to AMBAC Indemnity:

- (1) As soon as practicable after the filing thereof, a copy of any financial statement of the Issuer and a copy of any audit and annual report of the Issuer;

(ii) A copy of any notice to be given to the registered owners of the Series 1993 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 1993 Bonds, and any certificate rendered pursuant to this Resolution relating to the security for the Bonds; and

(iii) Such additional information AMBAC Indemnity may reasonably request.

The Issuer shall notify AMBAC Indemnity of any failure of the Issuer to provide relevant notices, certificates, etc.

The Issuer will permit AMBAC Indemnity to discuss the affairs, finances and accounts of the Issuer or any information AMBAC Indemnity may reasonably request regarding the security for the Series 1993 Bonds with appropriate officers of the Issuer. The Issuer will permit AMBAC Indemnity to have access to and to make copies of all books and records relating to the Series 1993 Bonds at any reasonable time.

AMBAC Indemnity shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within 30 days after receipt of written notice of the direction from AMBAC Indemnity shall be deemed an Event of Default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 1993 Bonds.

Notwithstanding any other provision of this Resolution, the Issuer shall immediately notify AMBAC Indemnity if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default.

E. Payment Procedure Pursuant to Municipal Bond Insurance Policy. As long as the Municipal Bond Insurance Policy shall be in full force and effect, the Issuer and any Paying Agent agree to comply with the following provisions:

(1) At least one (1) day prior to all Interest Payment Dates, the Paying Agent shall determine whether there will be sufficient funds in the funds and accounts established pursuant to this Resolution to pay the principal of and

interest on the Series 1993 Bonds on such Interest Payment Date. If the Paying Agent determines that there will be insufficient funds in the funds and accounts to pay the principal of and/or interest on the Series 1993 Bonds on such Interest Payment Date, the Paying Agent shall so notify AMBAC Indemnity. Such notice shall specify the amount of the anticipated deficiency, the Series 1993 Bonds to which such deficiency is applicable and whether such Series 1993 Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified AMBAC Indemnity at least one (1) day prior to an Interest Payment Date, AMBAC Indemnity will make payments of principal and/or interest due on the Series 1993 Bonds on or before the first (1st) day next following the date on which AMBAC Indemnity shall have received notice of nonpayment from the Paying Agent.

(ii) The Paying Agent shall, after giving notice to AMBAC Indemnity as provided in (i) above, make available to AMBAC Indemnity and, at AMBAC Indemnity's direction, to the United States Trust Company of New York, as insurance trustee for AMBAC Indemnity or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Paying Agent and all records relating to the funds and accounts maintained under this Resolution.

(iii) The Paying Agent shall provide AMBAC Indemnity and the Insurance Trustee with a list of registered owners of Series 1993 Bonds entitled to receive principal or interest payments from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (a) to mail checks or drafts to the registered owners of Series 1993 Bonds entitled to receive full or partial interest payments from the Insurer and (b) to pay principal upon Series 1993 Bonds surrendered to the Insurance Trustee by the registered owners of Series 1993 Bonds entitled to receive full or partial principal payments from AMBAC Indemnity.

(iv) The Paying Agent shall, at the time it provides notice to AMBAC Indemnity pursuant to (i) above, notify registered owners of Series 1993 Bonds entitled to receive the payment of principal or interest thereon from AMBAC Indemnity (a) as to the fact of such entitlement, (b) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (c) that should they be entitled to receive full payment of principal from AMBAC Indemnity, they must surrender their Series 1993 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1993 Bonds to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and not the Paying Agent, and (d) that should they be entitled to receive partial payment of principal from AMBAC Indemnity, they must surrender their Series 1993 Bonds for payment thereon first to the Paying Agent, who shall note on such Series 1993 Bonds the portion of the principal paid by the Paying Agent, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(v) In the event that the Paying Agent has notice that any payment of principal or interest on a Series 1993 Bond which has become Due for Payment (as defined in the Municipal Bond Insurance Policy) and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time AMBAC Indemnity is notified pursuant to (i) above, notify all registered owners that in the event that any registered owner's payment is so

hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar and Paying Agent, AMBAC Indemnity and the registered owners of the Series 1993 Bonds.

Section 6.19 Small Issuer Exemption from Bank Nondeductibility Restriction. The Issuer hereby designates the Series 1993 Bonds for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Series 1993 Bonds do not constitute private activity bonds as defined in Section 141 of the Code and determined in accordance with Section 265(b)(3) of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for Federal income taxes (excluding, however, private activity bonds, as determined in accordance with the Code), including the Series 1993 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1993, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as defined and set forth in the Code, availed of) to avoid the purposes of such Section 265(b)(3) of the Code and all entities benefiting thereby shall be treated as one issuer. The Series 1993 Bonds are not part of a composite issue.

ARTICLE VII

DEFAULTS AND REMEDIES

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

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

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

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

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

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

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

(C) Bring suit upon the Bonds;

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

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

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

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

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto. All rights and remedies of the Holders of the Bonds shall be for the equal benefit of the Holders of the Bonds.

Section 7.03. Acceleration. If an Event of Default has occurred and is continuing, the Holders of not less than 25% in aggregate principal amount of any series of Bonds then Outstanding may, but only with the written consent of the Bond Insurer, so long as such Bond Insurer is not in default under the Municipal Bond Insurance Policy, by immediate notice in writing from such Holders or from the Registrar on behalf of such Holders to the Issuer and the Paying Agent, declare the principal of all Bonds then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in this Resolution or in the Bonds to the contrary notwithstanding.

Section 7.04. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts established and continued as provided herein and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him, 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 appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Bonds issued pursuant to this Resolution; provided, however, that such receiver shall hold and operate the System for the equal benefit of the Holders 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any Event of Default with respect to the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Resolution, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of

this Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.05. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR; PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 1993 Bonds shall be appointed pursuant to the Supplemental Resolution. The Chairman of the Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

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

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit

any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a Bond. Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

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

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a Bond. Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such

Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

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

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

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

Section 8.12. Paying Agent. The Registrar shall also serve as the Paying Agent. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder

and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

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

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

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

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

Section 8.13. Bond Insurer Control of Registrar and Paying Agent. (i) Notwithstanding the foregoing, so long as AMBAC Indemnity insures any of the Series 1993 Bonds, the Registrar and Paying Agent may be removed at any time, at the request of AMBAC Indemnity, for any breach of its obligations set forth herein;

(ii) AMBAC Indemnity shall receive prior written notice of resignation of any Registrar or Paying Agent;

(iii) Every successor Registrar or Paying Agent appointed pursuant to this Article VIII shall be a trust company or bank in good standing located in or incorporated under the laws of a state, duly authorized to exercise trust powers and subject to examination by Federal or state authority, having a reported capital and surplus

of not less than \$7,000,000 and acceptable to AMBAC Indemnity. Any successor Paying Agent, if applicable, shall not be appointed unless AMBAC Indemnity approves such successor in writing;

(iv) Notwithstanding any other provision of this Resolution, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, the Registrar or Paying Agent shall consider the effect on the Bondholders as if there were no Municipal Bond Insurance Policy; and

(v) Notwithstanding any other provision of this Resolution, no removal, resignation or termination of the Registrar or Paying Agent shall take effect until a successor, acceptable to AMBAC Indemnity, shall be appointed.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be otherwise necessary to assure the continued exclusion of the interest on the Series 1993 Bonds from gross income for Federal income tax purposes.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee as its agent either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time and available therefor, shall be sufficient to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or such escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or such escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in

amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or such escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations or those Qualified Investments permitted under Section 1.01 hereof to be used for such purpose.

Section 9.02. Series 1993 Bonds to Remain Outstanding if Paid by Bond Insurer. In the event that the principal and/or interest due on the Series 1993 Bonds shall be paid by AMBAC Indemnity pursuant to the Municipal Bond Insurance Policy, the Series 1993 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the pledge of Net Revenues and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of AMBAC Indemnity, subject to the terms hereof, and AMBAC Indemnity shall be subrogated to the rights of such registered owners.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Resolution and Supplemental Resolution. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate of Excess Investment Earnings to the United States or otherwise as may be necessary to assure exemption from Federal income taxation of interest on the Series 1993 Bonds, provided that, in the event any of the Bonds are insured by AMBAC Indemnity, no such amendment or modification which adversely affects the security for such Bonds or the rights of AMBAC Indemnity may be effected without the written consent of AMBAC Indemnity. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Bonds then Outstanding and affected thereby, which must be filed with the Governing Body of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor affect the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged or reduce the percentage of Bonds required for consent to any such modification or amendment. No change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner, except as in this Resolution provided.

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

A. The fact and date of the execution by any Bondholder or his, her or its attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take

acknowledgements of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

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

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

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

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

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

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

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service District
Post Office Box 700
Bunker Hill, West Virginia 25413
Attention: General Manager

REGISTRAR AND PAYING AGENT

Charleston National Bank
Capitol & Virginia Streets
Charleston, West Virginia 25324
Attention: Trust Officer

DEPOSITORY BANK

F & M Bank - Martinsburg
131 South Queen Street
Box 928
Martinsburg, West Virginia 25401-0928
Attention: Chief Executive Officer

ORIGINAL PURCHASER

Ferris, Baker Watts, Incorporated
100 Light Street, Eighth Floor
Baltimore, Maryland 21202
Attention: Public Finance Department

BOND INSURER

AMBAC Indemnity Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department

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

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

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

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

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

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

Section 10.12. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

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

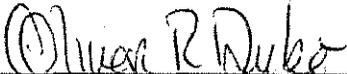
Adopted this 4th day of March, 1993.

Randy S. Keir
Chairman, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of Berkeley County Public Service District on this 4th day of March, 1993, at a special meeting after the giving of the required public notice and at which a quorum was present and acting throughout, and which resolution has not been modified, amended, revoked or otherwise altered (except as set forth in the Supplemental Resolution, described herein and adopted concurrently herewith) as of the date hereof.

Dated this 24th day of March, 1993.


Secretary, Public Service Board

STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. ____ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has been delivered to the United States Trust Company of New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

No. AR- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REFUNDING REVENUE BOND,
SERIES 1993 A

INTEREST RATE

MATURITY DATE

BOND DATE

CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision duly organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, and solely from such special funds

also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on March 1 and September 1 of each year, beginning September 1, 1993 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

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

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

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

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

The Registrar shall not be obliged to make any transfer or exchange of Bonds that have been called for redemption. The Issuer has caused CUSIP numbers to be printed on the Bonds, and has directed the Registrar to use such numbers in certain notices, if any, as a convenience to Bondholders. No representation is made as to the accuracy of such numbers either as printed on the Bonds or as contained in any notice.

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

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

[SEAL]

(Facsimile Signature)
Chairman

ATTEST:

(Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the Series 1993 A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Imprinted on the reverse hereof is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Date of Authentication: _____, _____.

CHARLESTON NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

[FORM OF REVERSE OF BOND]

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by Charleston National Bank, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each February 15 and August 15) at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by Charleston National Bank, Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least \$500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of a series of bonds, in the aggregate principal amount of \$3,350,000 designated "Water Refunding Revenue Bonds Series 1993 A (the "Bonds")", of like tenor and effect, except as to series designation, number, denomination, date of maturity and interest rate, dated March 1, 1993, upon original issuance, the proceeds of which are to be used, together with proceeds of the Series 1993 B Bonds hereinafter described and other funds of the Issuer, to refund all of the outstanding water revenue bonds and other obligations of the Issuer, which were issued to finance or refinance the cost of acquisition and construction of public waterworks facilities of the Issuer (collectively, the "Prior Bonds"), and for other lawful purposes related to such refunding. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution and supplemental resolution duly adopted by the governing body of the Issuer on March 4, 1993 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

The Bonds are issued concurrently with the Water Refunding Revenue Bonds, Series 1993 B, of the Issuer, issued in the aggregate principal amount of \$380,000 (the "Series 1993 B Bonds"), which Series 1993 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed hereon, by a policy of municipal bond insurance issued by Municipal Bond Investors Assurance Corporation.

Optional Redemption. The Bonds maturing on or after March 1, 2002 are subject to redemption prior to maturity at the option of the Issuer on and after March 1, 2001, in whole or in part at any time at the following redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
March 1, 2001 through February 28, 2002	102½
March 1, 2002 through February 28, 2003	101
March 1, 2003 and thereafter	100

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Issuer maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Resolution) to be derived with respect to the System, all moneys in the Sinking Fund established under the Resolution (including the Reserve Account therein) and the Revenue Fund, and the unexpended proceeds of the Bonds, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued by the Issuer pursuant to the Act and shall be set aside as

a special fund hereby pledged for such purpose and to make certain other payments required by the Resolution. This Bond does not constitute a corporate indebtedness of the Issuer within any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, and the moneys in the Sinking Fund and the Revenue Fund, and the unexpended Bond proceeds, if any. Under the Resolution, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates and charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least 115% of the maximum annual amount required to pay the interest and principal as the same become due and accomplish retirement of the Bonds and any additional bonds issued on a parity therewith, and to make any required payments into the Reserve Account. Such required payments on behalf of the principal of and interest on the Bonds shall constitute a first charge upon all the Net Revenues of the System. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds, after reimbursement and repayment of amounts advanced for preliminary expenses as provided by law, except for accrued interest thereon, shall be applied solely to refund such prior bonds, create a reserve for the Bonds and pay costs and expenses in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of said Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered bonds, upon the terms set forth in the Indenture. Neither the Issuer nor the Registrar shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

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

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, _____.

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by Charleston National Bank, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each February 15 and August 15) at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by Charleston National Bank, Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least \$500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of a series of bonds, in the aggregate principal amount of \$380,000 designated "Water Refunding Revenue Bonds Series 1993 B (the "Bonds")", of like tenor and effect, except as to series designation, number, denomination, date of maturity and interest rate, dated March 1, 1993, upon original issuance, the proceeds of which are to be used, together with proceeds of the Series 1993 A Bonds hereinafter described and other funds of the Issuer, to refund all of the outstanding water revenue bonds and other obligations of the Issuer, which were issued to finance or refinance the cost of acquisition and construction of public waterworks facilities of the Issuer (collectively, the "Prior Bonds"), and for other lawful purposes related to such refunding. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution and supplemental resolution duly adopted by the governing body of the Issuer on March 4, 1993 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured prior to the Bonds from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THE BONDS ARE ISSUED CONCURRENTLY WITH THE WATER REFUNDING REVENUE BONDS, SERIES 1993 A, OF THE ISSUER, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,350,000 (THE "SERIES 1993 A BONDS"), AND THE BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE SERIES 1993 A BONDS.

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed hereon, by a policy of municipal bond insurance issued by Municipal Bond Investors Assurance Corporation.

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

(A) Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the Issuer in whole or in part at any time at the price of par, plus interest accrued thereon to the date fixed for redemption.

(B) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption prior to maturity on March 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

<u>Year (March 1)</u>	<u>Principal Amount</u>
1994	\$65,000
1995	70,000
1996	75,000
1997	80,000
1998	90,000*

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Issuer maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the

Resolution; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Resolution) to be derived with respect to the System, all moneys in the Sinking Fund established under the Resolution (excluding, however, the Reserve Account therein) and the Revenue Fund, and the unexpended proceeds of the Bonds, ALL JUNIOR AND SUBORDINATE TO THE LIEN ON AND PLEDGE THEREOF IN FAVOR OF THE SERIES 1993 A BONDS, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued by the Issuer pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make certain other payments required by the Resolution. This Bond does not constitute a corporate indebtedness of the Issuer within any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, and the moneys in the Sinking Fund (excluding the Reserve Account) and the Revenue Fund, and the unexpended Bond proceeds, if any. Under the Resolution, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates and charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least 115% of the maximum annual amount required to pay the interest and principal as the same become due and accomplish retirement of the Series 1993 A Bonds and any additional bonds issued on a parity therewith and to make any required payments into the Reserve Account. Such required payments on behalf of the principal of and interest on the Series 1993 A Bonds shall constitute a first charge upon all the Net Revenues of the System. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds, after reimbursement and repayment of amounts advanced for preliminary expenses as provided by law, except for accrued interest thereon, shall be applied solely to refund such prior bonds, and pay costs and expenses in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of said Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of additional Bonds which may be secured prior and senior to the Bonds under the Resolution.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered bonds, upon the terms set forth in the Indenture. Neither the Issuer nor the Registrar shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

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

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

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

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

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

The Registrar shall not be obliged to make any transfer or exchange of Bonds that have been called for redemption. The Issuer has caused CUSIP numbers to be printed on the Bonds, and has directed the Registrar to use such numbers in certain notices, if any, as a convenience to Bondholders. No representation is made as to the accuracy of such numbers either as printed on the Bonds or as contained in any notice.

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

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

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the Series 1993 B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Date of Authentication: _____, _____.

CHARLESTON NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, _____

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

03/19/93
BCWC.A6
06774/92001

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

(West Virginia)

\$3,730,000 Water Refunding Revenue Bonds,
Series 1993 A and Series 1993 B

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICES AND OTHER TERMS OF THE WATER REFUNDING REVENUE BONDS, SERIES 1993 A AND SERIES 1993 B, OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A BOND PURCHASE CONTRACT, A REGISTRAR AND PAYING AGENT AGREEMENT, AN ESCROW AGREEMENT, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING AN ESCROW TRUSTEE, REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

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

WHEREAS, the Board duly adopted on March 4, 1993, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE REFUNDING OF THE DISTRICT'S WATER REVENUE BONDS, SERIES A, WATER REFUNDING REVENUE BONDS, SERIES 1988, WATER REVENUE BOND, SERIES 1990, AND OTHER WATER REVENUE OBLIGATIONS THROUGH THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 1993 A AND SERIES 1993 B OF THE DISTRICT, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$3,900,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING, AND TO PAY COSTS AND EXPENSES IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND

OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

providing for the issuance of its Water Refunding Revenue Bonds, Series 1993 A and Series 1993 B (individually, the "Series 1993 A Bonds" and the "Series 1993 B Bonds" and collectively, the "Series 1993 Bonds"), in an aggregate principal amount not to exceed \$3,900,000 for the purpose of refunding the Issuer's outstanding Water Revenue Bonds, Series A; Water Refunding Revenue Bonds, Series 1988; Water Revenue Bond, Series 1990; and the Bank Loan (collectively, the "Prior Bonds"), all as set forth and described therein, in accordance with Chapter 16, Article 13A, of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution provided that the exact principal amounts of the Series 1993 A Bonds and the Series 1993 B Bonds to be sold and the maturities, interest rates, redemption provisions and the prices of the Series 1993 A Bonds and the Series 1993 B Bonds should be established, that an Escrow Trustee, Paying Agent, Registrar and Depository Bank be designated and that other matters pertaining to the Series 1993 Bonds be provided for by resolution of this Board upon receipt of a Bond Purchase Contract acceptable to this Board;

WHEREAS, the Series 1993 Bonds are proposed to be purchased by Ferris, Baker Watts, Incorporated (the "Original Purchaser"), pursuant to a Bond Purchase Contract dated the date of adoption hereof (the "Purchase Contract");

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

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution be adopted and that the Purchase Contract, the Escrow Agreement and the Registrar and Paying Agent Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 1993 Bonds, hereinafter described, be approved, that the prices of the Series 1993 Bonds, the maturity dates and amounts, the redemption provisions, the interest rates, and the exact principal amounts of the Series 1993 A Bonds and the Series 1993 B Bonds be fixed hereby in the manner stated herein,

and that other matters relating to the Series 1993 Bonds be herein provided for, all in accordance with said Resolution;

NOW, THEREFORE, THE PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT HEREBY RESOLVES:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 1993 A Bonds and the Series 1993 B Bonds in the aggregate principal amount of \$3,730,000. The Series 1993 A Bonds shall be issued in the aggregate principal amount of \$3,350,000, shall be dated March 1, 1993, upon original issuance, shall bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 1993, and shall mature on March 1 in years as follows:

<u>Maturity</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1994	\$190,000	2.40%	2002	\$200,000	4.50%
1995	195,000	3.00	2003	210,000	4.65
1996	200,000	3.40	2004	220,000	4.85
1997	205,000	3.60	2005	230,000	5.00
1998	220,000	3.80	2006	245,000	5.10
1999	220,000	4.00	2007	255,000	5.20
2000	185,000	4.20	2008	270,000	5.30
2001	195,000	4.40	2009	55,000	5.40
			2010	55,000	5.50

The Series 1993 B Bonds shall be issued in the aggregate principal amount of \$380,000, shall be dated March 1, 1993, upon original issuance, shall bear interest at the rate of 4.75% per annum, payable semiannually on March 1 and September 1 of each year, commencing September 1, 1993 and shall mature on March 1, 1998.

Section 2. The Series 1993 A Bonds maturing on or after March 1, 2002, shall be redeemable prior to their stated dates of maturity at the option of the Issuer on or after March 1, 2001, in whole at any time or in part on any interest payment date, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the respective redemption prices (expressed as percentages of the principal amounts to be redeemed) set forth below, plus interest accrued to the date fixed for redemption:

<u>Redemption Period</u> (Both Dates Inclusive)	<u>Redemption</u> <u>Prices</u>
March 1, 2001 to February 28, 2002	102½
March 1, 2002 to February 28, 2003	101
March 1, 2003 and thereafter	100

The Series 1993 B Bonds shall be subject to mandatory sinking fund redemption prior to maturity at the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory sinking fund installments paid from the Sinking Fund on March 1 of the following years in the following amounts:

<u>Year</u> (March 1)	<u>Amount</u>
1994	\$65,000
1995	70,000
1996	75,000
1997	80,000
1998	90,000

The amounts accumulated for any sinking fund installment may be applied by the Trustee prior to the 45th day preceding the due date of such sinking fund installment to the purchase of Series 1993 B Bonds subject to redemption at a price (including any brokerage and other charges) not exceeding the principal amount thereof, plus accrued interest to the date of purchase. Upon any purchase of Series 1993 B Bonds by application of moneys set aside to pay sinking fund installments, an amount equal to the principal amount thereof shall be credited toward the applicable sinking fund installment, and any principal amount of Series 1993 B Bonds purchased or redeemed in excess of such sinking fund installment may be applied toward reduction of any applicable future sinking fund installments as the Issuer may designate.

All other provisions relating to the Series 1993 Bonds shall be as provided in the Resolution, and the Series 1993 A Bonds and the Series 1993 B Bonds shall be in substantially the forms provided in the Resolution.

Section 3. The Purchase Contract between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman and the sealing and attestation by the Secretary of the Public Service Board on this day of the Purchase Contract on behalf of the Issuer are hereby authorized, approved and directed. The Chairman and Secretary shall execute and deliver the Purchase Contract with

such changes, insertions and omissions as may be approved by the Chairman. The execution of the Purchase Contract by the Chairman shall be conclusive evidence of any approval required by this Section. The price of the Series 1993 Bonds, pursuant to the Purchase Contract, shall be \$3,655,400 (\$3,730,000 par amount, less \$74,600 Underwriter's Discount), plus interest accrued from the date of the Series 1993 Bonds to the date of delivery of the Series 1993 Bonds, expected to be on or about March 24, 1993.

Section 4. The Official Statement dated March 4, 1993, to be substantially in the form of the Preliminary Official Statement described below (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Chairman) and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section. The distribution by the Original Purchaser of the Preliminary Official Statement dated March 1, 1993 (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Chairman is hereby ratified and approved.

Section 5. The Registrar and Paying Agent Agreement (the "Registrar's Agreement") to be dated the Closing Date, by and between the Issuer and the Registrar/Paying Agent designated herein, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Chairman shall execute and deliver the Registrar's Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Registrar's Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The Escrow Agreement by and among the Issuer, the West Virginia Municipal Bond Commission and the Escrow Trustee designated herein, to be dated the Closing Date, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Chairman shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the Chairman. Execution of the Escrow Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 7. The Issuer does hereby appoint and designate Charleston National Bank, Charleston, West Virginia, for the purpose of serving in the capacities of Escrow Trustee, Registrar and Paying

Agent, and F & M Bank - Martinsburg, Martinsburg, West Virginia, for the purpose of serving as Depository Bank.

Section 8. The firm of Steptoe & Johnson, Clarksburg, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 1993 Bonds.

Section 9. The firm of Smith, Cochran & Hicks, Certified Public Accountants, Charleston, West Virginia, is hereby engaged for the purpose of verifying yield and sufficiency of the Escrow Fund and savings achieved by the refunding of the Prior Bonds.

Section 10. The Issuer and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 1993 and hereby designates the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 1993 Bonds, hereby and by the Resolution approved and provided for.

Section 12. Based upon the actual principal amounts, maturity schedules and interest rates for the Series 1993 Bonds, as set forth in Paragraph (1) hereof, it is hereby determined that the Series 1993 Bonds show a net savings to the Issuer after deducting all expenses of the refunding. Prior to delivery of the Series 1993 Bonds, the Issuer shall have obtained from Smith, Cochran & Hicks, Certified Public Accountants, or such another independent certified public accountant acceptable to the Chairman, a certification that the amount of savings stated to be achieved by the refunding shall in fact be correct, based upon their review, comparison and analysis of the net interest cost in dollars of the Prior Bonds. The Chairman is hereby authorized and directed to employ Smith, Cochran & Hicks, Certified Public Accountants, or such another independent certified public accountant satisfactory to Bond Counsel to supply the certification required herein and to take other actions required in connection with the refunding.

Section 13. Under the provisions of the Act, and as provided in the Resolution and the Series 1993 Bonds, the Series 1993 Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Net Revenues derived from the operation of the waterworks system of the Issuer and the moneys in the Sinking Fund (including, with respect to

the Series 1993 A Bonds, the Reserve Account therein) established by the Resolution and the credit of the Issuer is not pledged for, and no tax shall ever be levied for, payment of the Bonds and the interest thereon.

Section 14. The Chairman, Secretary and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all actions necessary to cause the Series 1993 Bonds to be insured by AMBAC Indemnity Corporation or such other municipal bond insurance company as is acceptable to the Original Purchaser.

Section 15. The refunding of the Prior Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. All orders, ordinances or resolutions or parts thereof in conflict with the provisions of this Supplemental Resolution (excluding the Resolution) are, to the extent of such conflict, hereby repealed.

Section 17. This Supplemental Resolution shall be effective immediately.

Adopted this 4th day of March, 1993.

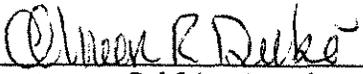
BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Randy S Kern
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution adopted by the Public Service Board of Berkeley County Public Service District on this 4th day of March, 1993, at a special meeting after the giving of the required public notice and at which a quorum was present and acting throughout, and which Supplemental Resolution has not been modified, amended, revoked or otherwise altered as of the date hereof.

Dated this 24th day of March, 1993.


Secretary, Public Service Board

03/19/93
BCWC.B5
06774/92001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

March 24, 1993

\$3,730,000

Berkeley County Public Service District

(West Virginia)

Water Refunding Revenue Bonds, Series 1993 A and Series 1993 B

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER
P. O. BOX 1816
MORGANTOWN, W. VA. 26507-1816
(304) 598-8000
FACSIMILE (304) 598-8118

128 EAST BURKE STREET
P. O. BOX 2829
MARTINSBURG, W. VA. 26401-5429
(304) 263-8991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 781-8820
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

Berkeley County Public Service District
Bunker Hill, West Virginia

Ferris, Baker Watts, Incorporated
Baltimore, Maryland

AMBAC Indemnity Corporation
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (the "Issuer") of its \$3,730,000 aggregate principal amount of Water Refunding Revenue Bonds, Series 1993 A and Series 1993 B (individually, the "Series 1993 A Bonds" and the "Series 1993 B Bonds", and collectively, the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on March 4, 1993, as supplemented by a Supplemental Resolution also duly adopted by the Issuer on March 4, 1993 (said Bond Resolution, as so supplemented, herein called the "Resolution") and are subject to all the terms and conditions of the Resolution.

The Bonds are issued in fully registered form, are dated March 1, 1993, upon original issuance, mature on March 1 in years and amounts and bear interest payable each March 1 and September 1, commencing September 1, 1993, as follows:

\$3,350,000
Series 1993 A Bonds

<u>Maturity</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1994	\$190,000	2.40%	2002	\$200,000	4.50%
1995	195,000	3.00	2003	210,000	4.65
1996	200,000	3.40	2004	220,000	4.85
1997	205,000	3.60	2005	230,000	5.00
1998	220,000	3.80	2006	245,000	5.10
1999	220,000	4.00	2007	255,000	5.20
2000	185,000	4.20	2008	270,000	5.30
2001	195,000	4.40	2009	55,000	5.40
			2010	55,000	5.50

\$380,000
Series 1993 B Bonds

<u>Maturity</u> <u>(March 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1998	\$380,000	4.75%

The Series 1993 A Bonds maturing on and after March 1, 2002, are redeemable prior to their stated dates of maturity at the option of the Issuer, on or after March 1, 2001, in whole at any time or in part on any interest payment date in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the redemption prices (expressed as percentages of principal amounts to be redeemed), plus interest accrued to the date fixed for redemption, as provided in the Resolution.

The Series 1993 B Bonds are redeemable prior to their stated date of maturity at the option of the Issuer, in whole or in part at any time, at the price of par plus interest accrued to the date fixed for redemption, and are subject to mandatory sinking fund redemption prior to maturity on March 1 in years and amounts as provided in the Resolution.

The Resolution provides that the Bonds are issued for the purposes of providing funds, together with other moneys of the Issuer, (i) to pay costs necessary to refund all of the Issuer's outstanding bonds, notes and other obligations payable from revenues of the Issuer's public waterworks system (collectively, the "Prior Bonds"), (ii) to fund a reserve account for the Bonds, and (iii) to pay costs of issuance of the Bonds and other costs in connection with such refunding, all as set forth and described in the Resolution.

The Bonds have been sold to Ferris, Baker Watts, Incorporated (the "Purchaser") pursuant to a Bond Purchase Contract dated March 4, 1993, and accepted by the Issuer (the "Purchase Contract").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Escrow Trustee, the Depository Bank, the Registrar and the Paying Agent contained in the Resolution, the Escrow Agreement and the Registrar's Agreement (all such terms as defined in the Resolution) and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and agreements of the Issuer, the Escrow Trustee, the Depository Bank, the Registrar and the Paying Agent pertaining to tax matters set forth in the Resolution, the Escrow Agreement and the Registrar's Agreement and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia under and pursuant to the Constitution and laws of such State and has full legal right, power and authority to adopt the Resolution, enter into the Escrow Agreement and the Purchase Contract, perform its obligations under the terms and provisions thereof, issue and sell the Bonds, refund the Prior Bonds, and own and operate its waterworks system (the "System").

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Escrow Agreement and the Purchase Contract and has issued and delivered the Bonds to the Purchaser pursuant to the Purchase Contract. The Resolution is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer, enforceable in accordance with its terms.

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

4. The Bonds constitute valid and legally binding special obligations of the Issuer. The Series 1993 A Bonds are payable solely from and secured by a first lien on and pledge of the net revenues derived from the operation of the System and moneys in the Sinking Fund created under the Resolution (including the Reserve Account therein). The Series 1993 B Bonds are also payable solely from and secured by a lien on and pledge of the net revenues derived from the operation of the System and moneys in the Sinking Fund created under the Resolution (excluding the Reserve Account therein), but junior and subordinate

to the lien in favor of the Series 1993 A Bonds. The Bonds are enforceable in accordance with their terms and the terms of the Resolution.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences except as set forth in paragraph 7 below. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Resolution and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds.

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

7. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code and has covenanted that it does not reasonably expect to issue, together with subordinate entities, more than \$10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 1993. Therefore, the Bonds are "qualified tax-exempt obligations," and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Bonds is deductible for federal income tax purposes.

8. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia

Berkeley County Public Service District, et al.

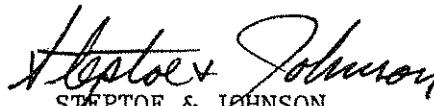
Page 5

Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

9. The Prior Bonds have been paid within the meaning and with the effect expressed in the resolutions authorizing the issuance thereof, and the covenants, agreements and other obligations of the Issuer to the holders and owners of such Prior Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph 9, we have relied upon the opinion of certain independent certified public accountants that the maturing principal of and interest to be earned on the United States Treasury Obligations deposited in the Escrow Fund established with the Escrow Trustee, together with any other moneys on deposit in said Escrow Fund, will be sufficient to provide for the payment of the principal of and interest on such Prior Bonds as the same become due, to and including the respective first redemption dates thereof and on such dates, to pay the redemption prices of the Prior Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Resolution, the Escrow Agreement and the Purchase Contract are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON

03/18/93
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