BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REFUNDING REVENUE BONDS, SERIES 2012 A
(BANK QUALIFIED)

BOND RESOLUTION

Table of Contents

RECITALS 1

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01 Definitions 3
Section 1.02 Authority for this Resolution 9
Section 1.03 Findings 9
Section 1.04 Resolution Constitutes Contract 9

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01 Authorization of Refunding 11

ARTICLE III
THE BONDS

Section 3.01 Form and Payment of Bonds 11
Section 3.02 Execution of Bonds 12
Section 3.03 Authentication and Registration 12
Section 3.04 Negotiability and Registration 12
Section 3.05 Bonds Mutilated, Destroyed, Stolen or Lost 13
Section 3.06 Term Bonds 13
Section 3.07 Notice of Redemption 14
Section 3.08 Persons Treated as Owners 15
Section 3.09 Temporary Bonds 16
Section 3.10 Authorization of Bonds 16
Section 3.11 Book Entry System for Bonds 16
Section 3.12 Delivery of Bonds 17
Section 3.13 Form of Bonds 18
Section 3.14 Disposition of Proceeds of Bonds 18
Section 3.15 Designation of Series 2012 A Bonds as "Qualified Tax-Exempt Obligations" 19

ARTICLE IV
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01 Establishment of Funds and Accounts with Depository Bank 19
Section 4.02 Establishment of Funds and Accounts with Bond Commission 19
Section 4.03 System Revenues and Application Thereof 20

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01 Investments 23
Section 5.02 Arbitrage 24
Section 5.03 Tax Certificate and Rebate 24
Section 5.04 Continuing Disclosure Agreement 25

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable 25
Section 6.02 Bonds not to be Indebtedness of the Issuer 25
Section 6.03 Bonds Secured by Pledge of Net Revenues 25
Section 6.04 Rates 26
Section 6.05 Operation and Maintenance 26
Section 6.06 Sale of the System 26
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances 27
Section 6.08 Additional Parity Bonds 27
Section 6.09 Insurance and Bonds 29
Section 6.10 No Free Services 30
Section 6.11 Enforcement of Collections 30
Section 6.12 No Competing Franchise 30
Section 6.13 Books and Records 30
Section 6.14 Operating Budget 31
Section 6.15 Connections 31
Section 6.16 Statutory Mortgage Lien 31
Section 6.17 Tax Covenants 31

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default 32
Section 7.02 Enforcement 33
Section 7.03 Appointment of Receiver 34
Section 7.04 Restoration of Issuer and Bondholder 35

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01 Appointment of Registrar 35
Section 8.02 Responsibilities of Registrar 35
Section 8.03 Evidence on Which Registrar May Act 35
Section 8.04 Compensation and Expenses 35
Section 8.05 Certain Permitted Acts 35
Section 8.06 Resignation of Registrar 35
Section 8.07 Removal 36
Section 8.08 Appointment of Successor 36
Section 8.09 Transfer of Rights and Property to Successor 36
Section 8.10 Merger or Consolidation 36
Section 8.11 Adoption of Authentication 36
Section 8.12 Paying Agent 36

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01 Defeasance; Discharge of Pledge of Resolution 37

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Resolution 38
Section 10.02 Evidence of Signatures of Bondholders and Ownership of Bonds 38
Section 10.03 Preservation and Inspection of Documents 39
Section 10.04 Cancellation of Bonds 39
Section 10.05 Failure to Present Bonds 39
Section 10.06 Notices, Demands and Requests 39
Section 10.07 No Personal Liability 40
Section 10.08 Law Applicable 40
Section 10.09 Parties Interested Herein 40
Section 10.10 Severability of Invalid Provisions 40
Section 10.11 Table of Contents and Headings 41
Section 10.12 Conflicting Provisions Repealed 41
Section 10.13 Covenant of Due Procedure, Etc. 41
Section 10.14 Effective Date 41
SIGNATURES
CERTIFICATION
EXHIBIT A - Series 2012 A Bond FORM

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 2004 BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's refunding of its outstanding Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of Berkeley County Public Service District and other users of the System to currently refund its outstanding Series 2004 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2004 Bonds should be financed with the proceeds from the issuance of the Water Refunding Revenue Bonds, Series 2012 A, in the original aggregate principal amount of not more than $8,000,00 (the "Series 2012 A Bonds"), such Series 2012 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System; and

WHEREAS, in addition to the Series 2004 Bonds, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, the District anticipates selling its Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds") on December 13, 2012 and expects to close on the Series 2012 B Bonds on December 20, 2012. The Prior Issued Bonds together with the Series 2012 B Bonds are collectively referred to herein as the "Prior Bonds."

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

There are outstanding obligations of the Issuer which are designated and have lien positions with respect to the Capacity Improvement Fees of the Issuer as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the improvements paid for with the proceeds of the Prior Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the Issuer. The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System. The current status of the Capacity Improvement Fees is discussed herein.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2012 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2012 A Bonds.

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

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

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

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

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

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

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

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

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 A Bonds in substantially the form set forth in EXHIBIT A - SERIES 2012 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 2012 A Bonds for the proceeds representing the original purchase prices thereof.

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

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

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

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

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

"DTC-eligible" means, with respect to the Series 2012 A Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

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

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

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

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

"Independent Certified Public Accountant" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an

independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

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

"Net Proceeds" means the face amount of the Series 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2012 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

"Outstanding," when used with reference to the Series 2012 A Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

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

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

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

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

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

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

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

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

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

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

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

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

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

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

C. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2012, in the total aggregate principal amount of not more than $8,000,000 to pay all or a portion of the Series 2004 Bonds. The proceeds of the Series 2012 A Bonds may also be applied to funding the Series 2012 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; administrative expense; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs

prior to the issuance of the Series 2012 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

D. It is in the best interests of the Issuer that the Series 2012 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

E. The Series 2012 A Bonds shall be issued on a parity with one another and the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds set forth in the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2012 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; and (ii) where necessary, the written consent of the Holders of the First Lien Bonds and the Second Lien Bonds to the issuance of the Series 2012 A Bonds on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

F. The Series 2012 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A - Series 2012 A Bond FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

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

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

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2012 A Bonds and the refunding of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 A Bonds or such final order will not be subject to appeal or rehearing.

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

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 2004 Bonds Outstanding as of the date of issuance of the Series 2012 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 2004 Bonds imposed by the Prior Resolution authorizing the issuance of the Series 2004 Bonds, the monies in the funds and accounts created by the Prior Resolutions pledged to payment of the Series 2004 Bonds, and any other funds pledged by the Prior Resolutions to payment of the Series 2004 Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2004 Bonds. Contemporaneously with the payment in full of the Series 2004 Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2004 Bonds, shall be released from the lien created by the Prior Resolution authorizing the issuance of the Series 2004 Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2012 A Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Series 2012 A Bonds issued pursuant to this Resolution may be issued only as fully registered Series 2012 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2012 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 A Bonds shall be in default, Series 2012 A Bonds issued in exchange for Series 2012 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2012 A Bond in the principal amount of said Series 2012 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 A Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2012 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2012 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2012 A Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2012 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 A Bonds issued hereunder.

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

So long as any of the Series 2012 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 A Bonds. Series 2012 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 A Bond, there shall be issued at the option of the Holder or the transferee another Series 2012 A Bond of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2012 A Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 A Bonds may at the option of the Holder thereof be

exchanged for an equal aggregate principal amount of Series 2012 A Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2012 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2012 A Bonds, the initial exchange of Series 2012 A Bonds and exchanges of Series 2012 A Bonds in the event of partial redemption of fully registered Series 2012 A Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2012 A Bond of like series, maturity and principal amount as the Series 2012 A Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2012 A Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2012 A Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 A Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2012 A Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2012 A Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2012 A Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2012 A Bonds be at any time found by any one, and such duplicate Series 2012 A Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 A Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2012 A Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 A Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2012 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to Original Purchaser and the registered owner of the Series 2012 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2012 A Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

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

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2012 A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2012 A Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2012 A Bonds.

If funds sufficient to redeem all Series 2012 A Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 A Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 A Bonds or portions of Series 2012 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 A Bonds or portions of Series 2012 A Bonds shall cease to bear interest. Upon surrender of such Series 2012 A Bonds for redemption in accordance with said notice, such Series 2012 A Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2012 A Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2012 A Bond. All Series 2012 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 A Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2012 A Bonds for which there was no such failure.

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

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

Section 3.10. Authorization of Bonds. For the purposes of paying all or a portion of the Series 2004 Bonds, funding the Series 2012 A Bonds Reserve Account, and paying costs of issuance in connection therewith, there shall be issued the Series 2012 A Bonds of the Issuer, in an aggregate principal amount of not more than $8,000,000. The Series 2012 shall be designated "Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2012 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2012 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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

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

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 A Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 A Bonds, selecting the Series 2012 A Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2012 A Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 A Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 A Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 A Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 A Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

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

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

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

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

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

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

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

Section 3.13. Form of Bonds. The definitive Series 2012 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2012 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 2012 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2012 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

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

3. An amount of the proceeds of the Series 2012 A Bonds which shall be sufficient to pay the costs of issuance of the Series 2012 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 A Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code.

4. An amount of Series 2012 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2012 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay

costs of issuance of the Series 2012 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2012 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 A Bonds from which such proceeds are derived.

Section 3.15. Designation of Series 2012 A Bonds as "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(D)(ii) of the Code, the portion of the Series 2012 A Bonds equal to the outstanding paramount of the Series 2004 Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2012 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. The remaining portion of the Series 2012 A Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and the Issuer covenants that the Series 2012 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and the Issuer reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2012 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2012 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

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

(1) Series 2012 A Bonds Sinking Fund;

(2) Series 2012 A Bonds Reserve Account; and

(3) Series 2012 A Bonds 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:

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; and (ii) commencing 6 months prior to the first interest payment date on the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, and in the Series 2012 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2012 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory

Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2012 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 A Bonds Reserve Account below the Series 2012 A Bonds Reserve Requirement or any withdrawal from the Series 2012 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2012 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2012 A Bonds Reserve Account is less than the Series 2012 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2012 A Bonds Reserve Account for deposit into the Series 2012 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 A Bonds Reserve Account to an amount equal to the Series 2012 A Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2012 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 A Bonds Reserve Requirement.

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

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

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

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

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

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

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

The Issuer shall restore any withdrawals from the Series 2012 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2012 A Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2012 A Bonds, senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

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

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

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

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

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

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

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

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

(A) Qualified Investments acquired for the Series 2012 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to annually transfer from the Series 2012 A Bonds Reserve Account, pro rata, to the Series 2012 A Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess

of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2012 A Bonds Reserve Account an amount at least equal to the Series 2012 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 A Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 A Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2012 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 A Bonds in such manner and to such extent as may be necessary, so that the Series 2012 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2012 A Bonds) so that the interest on the Series 2012 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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

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

reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2012 A Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2012 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Prior Bonds and the Series 2012 A Bonds herein authorized, and to make the payments into the Series 2012 A Bonds Sinking Fund, the Series 2012 A Bonds Reserve Account, and all other payments provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2012 A Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2012 A Bonds, including the First Lien Bonds and the Second Lien Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate order.

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

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

The Issuer will obtain all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia necessary for the issuance of the Series 2012 a Bonds and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2012 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 A Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2012 A Bonds Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2012 A Bonds. Any balance remaining after the payment of the Series 2012 A Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined

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

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 A Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2012 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

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

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

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

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2012 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner

and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 A Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

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

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code of 1931, as amended, Section 38-2-39.

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

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

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

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

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

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

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

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 A Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance

sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

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

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

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 A Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2012 A Bonds during the term thereof is, under the terms of the Series 2012 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 A Bonds during the term thereof is, under the terms of the Series 2012 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

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

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

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

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

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds:

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

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

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

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

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

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

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

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

(C) Bring suit upon the Series 2012 A Bonds;

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

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

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2012 A Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

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

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

Whenever all that is due upon the Series 2012 A Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2012 A Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2012 A Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

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

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer, specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2012 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders

or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

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

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2012 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

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

The Series 2012 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2012 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2012 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2012 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2012 A Bonds; provided, that any cash received

from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2012 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2012 A Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2012 A Bonds then Outstanding and affected thereby, which must be filed with the Secretary of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2012 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2012 A Bonds required for consent to any such modification or amendment.

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

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

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

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

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

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

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

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

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

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

REGISTRAR AND PAYING AGENT

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

DEPOSITORY BANK

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

ORIGINAL PURCHASER

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

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

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

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 A Bonds and the Original Purchaser.

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

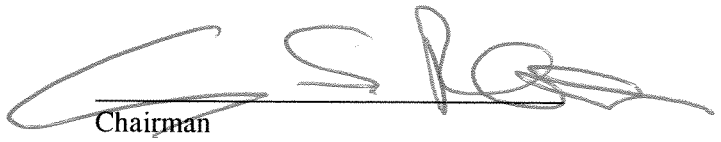
Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

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

Adopted this 26th day of November, 2012.



Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 26th day of November, 2012.

Dated this 26th day of November, 2012.

[SEAL]

W. Wayne Dunham
Secretary

EXHIBIT A - SERIES 2012 A BONDS FORM

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

No. AR-_____ $_____

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2012 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the Series 2004 Bonds; (ii) to fund a Reserve Account for the Series 2012 A Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2012 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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

(i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue

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

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

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

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

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

Bonds Maturing	
Year (___)	Principal Amount

Bonds Maturing	
Year (___)	Principal Amount

Bonds Maturing	
Year (___)	Principal Amount

* Final Maturity

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2012 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay the Series 2004 Bonds, fund a reserve account for the Series 2012 A Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

The portion of the Bonds equal to the outstanding par amount of the Series 2004 Bonds has been "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code. The remaining portion of the Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

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

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

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

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____, 2012.

_____,
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED) OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

WHEREAS, the Governing Body duly adopted on November 26, 2012, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 2004 BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Resolution provided for the issuance by the Issuer of its Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) in the aggregate principal amount of not more than $8,000,000 (the "Series 2012 A Bonds"), for the purposes of refunding all of the Issuer's Water Refunding Revenue Bonds, Series 2004, funding a reserve account for the Series 2012 A Bonds and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2012 A Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2012 A Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2012 A Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2012 A Bonds are proposed to be purchased by Ross, Sinclaire & Associates, LLC (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Chairman the authority to approve, within the parameters set forth herein and in the Resolution, the final terms and provisions of all documents relating to the Series 2012 A Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2012 A Bonds, hereinafter described, be approved, that the Issuer's Chairman be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board and that other matters relating to the Series 2012 A Bonds be herein provided for, all in accordance with said Resolution,

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2012 A Bonds. The Series 2012 A Bonds shall be issued in the aggregate principal amount not to exceed $8,000,000, bear interest at a rate not to exceed 8%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, shall mature on December 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than December 1, 2052), shall be subject to such redemption provisions, all as shall subsequently be approved by the Chairman; and shall be substantially in the form set forth in the Resolution, provided however, that the specific terms of the Series 2012 A Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by the Chairman in the Certificate of Series 2012 A Bonds Determinations (the "Certificate of Determinations"), the form which is attached hereto as EXHIBIT A. All other provisions relating to the Series 2012 A Bonds shall be as provided in the Resolution, and the Series 2012 A Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, in the form approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations, is hereby authorized and approved, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and

directed. The Chairman shall execute the Bond Purchase Agreement on behalf of the District with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Bond Purchase Agreement by the Chairman shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2012 A Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2012 A Bonds, substantially in the form approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations, is hereby authorized and approved, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Continuing Disclosure Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

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

Section 5. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2012 A Bonds, substantially in the form approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations is hereby authorized and approved. The Chairman shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Registrar Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2012 A Bonds.

Section 7. The Chairman is hereby authorized to solicit proposal from qualified financial institutions and select a Registrar for the Series 2012 A Bonds, which shall be set forth in the Certificate of Determinations.

Section 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent and Depository Bank, however, costs of issuance for the Series 2012 A Bonds will be deposited with Susquehanna Bancshares Inc.

Section 9. The notice addresses for the Paying Agent and Depository Bank and Original Purchaser shall be as follows:

PAYING AGENT AND DEPOSITORY BANK

West Virginia Municipal Bond Commission
Suite 1117
900 Pennsylvania Avenue
Charleston, WV 25302

ORIGINAL PURCHASER

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

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2012 A Bond issue to the end that the Series 2012 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 11. The refunding effectuated with proceeds of the Series 2012 A Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. This Supplemental Resolution shall be effective immediately.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Adopted this 26th day of November, 2012.



Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the 26th day of November, 2012.

Dated this 26th day of November, 2012.

[SEAL]

W. Wayne Dunham
Secretary

EXHIBIT A

FORM OF CERTIFICATE OF SERIES 2012 A BONDS DETERMINATIONS

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

CERTIFICATE OF DETERMINATIONS

The undersigned, Gregory Rhoe, Chairman of Berkeley County Public Service District (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on November 26, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Refunding Revenue Bonds, Series 2012 A (the "Series 2012 A Bonds"), hereby finds and determines as follows:

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

2. The Series 2012 A Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

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

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

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

6. The Series 2012 A Bonds shall be sold to Ross, Sinclaire & Associates, LLC (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

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

8. The Registrar for the Series 2012 A Bond shall be _____, _____, _____.

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

WITNESS my signature this _____day of _____, 2012.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

Schedule 1

SERIES 2012 A BOND TERMS

Maturities

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

Schedule 2

Redemption Provisions:

Optional Redemption

Mandatory Sinking Fund Redemption

EXHIBIT 1

[Form of Bond Purchase Agreement]
(Attached Hereto)

EXHIBIT 2

[Form of Continuing Disclosure Agreement]
(Attached Hereto)

EXHIBIT 3

[Form of Official Statement]
(Attached Hereto)

EXHIBIT 4

[Form of Registrar Agreement]
(Attached Hereto)

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

CERTIFICATE OF DETERMINATIONS

The undersigned, Gregory Rhoe, Chairman of Berkeley County Public Service District (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on November 26, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), hereby finds and determines this 28th day of November, 2012 as follows:

1. The Series 2012 A Bonds shall be dated the date of closing thereon (estimated to be December 19, 2012) and shall bear interest on **June 1 and December 1 of each year commencing June 1, 2013**.

2. The Series 2012 A Bonds shall be issued in the aggregate principal amount of $7,425,000.00, at a true interest cost of 2.1023075%. Such interest rate does not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

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

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

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

6. The Series 2012 A Bonds shall be sold to Ross, Sinclaire & Associates, LLC (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $7,405,740.10 (representing par value less an Underwriter's discount of $40,375.00 and plus a net reoffering premium of $21,115.10).

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

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

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

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

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman

Schedule 1

SERIES 2012 A BOND TERMS

Maturities

Bond No.	Maturity Date (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
AR-1	12/01/2013	$585,000	1.000%	100.283%	084246 GC5
AR-2	12/01/2014	$595,000	1.000%	100.192%	084246 GD3
AR-3	12/01/2015	$595,000	1.500%	101.303%	084246 GE1
AR-4	12/01/2016	$575,000	1.500%	101.153%	084246 GF8
AR-5	12/01/2017	$335,000	2.000%	103.101%	084246 GG6
AR-6	12/01/2018	$345,000	2.000%	102.835%	084246 GH4
AR-7	12/01/2019	$705,000	2.000%	101.958%	084246 GJ0
AR-8	12/01/2020	$715,000	2.000%	100.660%	084246 GK7
AR-9	12/01/2021	$735,000	2.000%	99.025%	084246 GL5
AR-10	12/01/2022	$750,000	2.200%	99.026%	084246 GM3
AR-11	12/01/2023	$760,000	2.300%	98.566%	084246 GN1
AR-12	12/01/2024	$730,000	2.375%	98.714%	084246 GP6

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2012 A Bonds are not subject to optional redemption prior to maturity.

EXHIBIT 1

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

EXHIBIT 2

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

EXHIBIT 3

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

EXHIBIT 4

[Form of Registrar Agreement]
(See Transcript No. 32)

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 19th day of December, 2012, the undersigned, Nelson Taul, Managing Director of Ross, Sinclaire & Associates, LLC (the "Underwriter"), for and on behalf of the Underwriter, and the Chairman of Berkeley County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 19th day of December, 2012, in New York, New York, the Underwriter received the entire original issue of $7,425,000 in aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"). The Series 2012 A Bonds, as so received on original issuance, are in various denominations, are all dated December 19, 2012, and are numbered from AR-1, upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Series 2012 A Bonds, they had been executed by Gregory Rhoe as Chairman of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each of the Series 2012 A Bonds and attested by D. Wayne Dunham as Secretary of the Issuer by his manual signature, and had been authenticated by an authorized officer of United Bank, Inc., as Registrar.

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

Par Amount		$ 7,425,000.00
Plus:	Net Reoffering Premium	$ 21,115.10
Less:	Underwriter's Discount	($ 40,375.00)
	Total	$ 7,405,740.10

Payment for the Series 2012 A Bonds was made in immediately available funds (federal funds wire) in the amount of $7,405,740.10.

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

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Managing Director

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

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

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

On the 19th day of December, 2012, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. AR-1 through AR-12, inclusive, constituting the entire original issue of the Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012, in the aggregate principal amount of $7,425,000, (the "Series 2012 A Bonds"), executed by the Chairman and Secretary of Berkeley County Public Service District (the "Issuer") and bearing the official seal of the Issuer. The Series 2012 A Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on November 26, 2012, as supplemented by a Supplemental Resolution adopted by the Issuer on November 26, 2012 (collectively, the "Resolution").

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

3. A list of the names in which the Series 2012 A Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

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

You are hereby requested and authorized, pursuant to Section 3.12 of the Resolution, to authenticate, register and deliver the Series 2012 A Bonds to the Depository Trust Company, New York, New York, for the account of Ross, Sinclaire & Associates, LLC, as the original purchaser thereof.

Dated as of the day and year first stated above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

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

No. AR-1 $585,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
1.000%	December 1, 2013	December 19, 2012	084246 GC5

REGISTERED OWNER: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-2 $595,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
1.000%	December 1, 2014	December 19, 2012	084246 GD3

REGISTERED OWNER: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-3 $595,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
1.500%	December 1, 2015	December 19, 2012	084246 GE1

REGISTERED OWNER: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-4 $575,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
1.500%	December 1, 2016	December 19, 2012	084246 GF8

REGISTERED OWNER: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-5 $335,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2017	December 19, 2012	084246 GG6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED THRITY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-6 $345,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2018	December 19, 2012	084246 GH4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FOURTY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-9 $735,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2021	December 19, 2012	084246 GL5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED THIRTY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-10 $750,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.200%	December 1, 2022	December 19, 2012	084246 GM3

REGISTERED OWNER: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-11 $760,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.300%	December 1, 2023	December 19, 2012	084246 GN1

REGISTERED OWNER: CEDE & CO.

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

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

No. AR-12 $730,000.00

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.375%	December 1, 2024	December 19, 2012	084246 GP6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED THIRTY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $7,425,000 designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 19, 2012, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the Series 2004 Bonds; (ii) to fund a Reserve Account for the Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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

(i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi)

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

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds and the Series 2009 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

The Bonds are not subject to optional redemption prior to maturity.

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

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay the Series 2004 Bonds, fund a reserve account for the Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

A portion of the Bonds have been "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code as "qualified tax-exempt obligations." The remaining portion of the Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

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

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

[Remainder of Page Intentionally Left Blank]

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

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: December 19, 2012.

United Bank, Inc.,
as Registrar

By: _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

December 19, 2012

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

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (West Virginia) (the "Issuer") of its $7,425,000 in aggregate principal amount Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds").

The Series 2012 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on November 26, 2012, as supplemented (the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2012 A Bonds are issued for the purposes of (i) to refund all of the District's Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (ii) funding the reserve account for the Series 2012 A Bonds; and (iii) paying the costs of issuance of the Series 2012 A Bonds and other costs in connection with such financing.

The Series 2012 A Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated November 28, 2012, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax Certificate and the Continuing Disclosure Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 A Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Certificate and the Purchase Agreement,

perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 A Bonds, all under the provisions of the Act and other applicable provisions of law.

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

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

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

5. A portion of the Series 2012 A Bonds have been "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code as "qualified tax-exempt obligations." The remaining portion of the Series 2012 A Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

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

7. The Series 2012 A Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993; (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993; (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996; (iv) Water Revenue Bonds, Series 1997, dated June 25, 1997; (v) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001; (vi) (vi) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003; (vii) Water Refunding Revenue Bonds, Series 2003 C, dated May 15, 2003; (viii) Water Revenue Bonds, Series 2006, dated December 28, 2006; (ix) Water Revenue Bonds, Series 2007, dated December 21, 2007; (x) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008; and (xi) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009 (collectively, the "First Lien Bonds"), and senior and prior to the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993 (the "Second Lien Bonds"), all in accordance with the terms of the Series 2012 A Bonds and the Resolution.

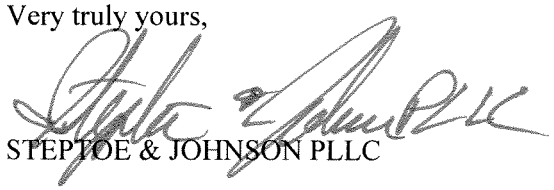
8. The Series 2004 Bonds have been defeased and will be redeemed on December 20, 2012.

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

December 19, 2012

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by the Berkeley County Public Service District (the "District" or "Issuer") of its $7,425,000 aggregate principal amount of Water Refunding Revenue Bonds, Series 2012 A (the "Series 2012 A Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2012 A Bonds and the exclusion of interest on the Series 2012 A Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Bond Purchase Agreement") dated November 28, 2012, between the District and Ross Sinclaire & Associates, LLC (the "Underwriter").

Based upon the foregoing, we are of opinion that:

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

December 19, 2012

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

Re: $7,425,000 Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service District (the "Issuer") of its Water Refunding Revenue Bonds, Series 2012 A (the "Series 2012 Bonds") in the aggregate principal amount of $7,425,000. In connection with rendering this opinion, we have examined the Bond Purchase Agreement dated November 28, 2012 (the "Purchase Contract"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Contract.

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

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jackson Kelly PLLC

{C2489056.1}

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

December 19, 2012

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

Re: $7,425,000 Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service District (the "Issuer") of its Water Refunding Revenue Bonds, Series 2012 A (the "Series 2012 Bonds") in the aggregate principal amount of $7,425,000. In connection with rendering this opinion, we have examined the Bond Purchase Agreement dated November 28, 2012 (the "Purchase Contract"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Contract.

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

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jackson Kelly PLLC

{C2489056.1}

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

December 19, 2012

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

Re: $7,425,000 Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service District (the "Issuer") of its Water Refunding Revenue Bonds, Series 2012 A (the "Series 2012 Bonds") in the aggregate principal amount of $7,425,000. In connection with rendering this opinion, we have examined the Bond Purchase Agreement dated November 28, 2012 (the "Purchase Contract"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Contract.

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

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jackson Kelly PLLC

{C2489056.1}

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

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

shinglet@comcast.net

December 19, 2012

$7,425,000
Berkeley County Public Service District (West Virginia)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

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

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

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

Ladies and Gentlemen:

I have acted as counsel for Berkeley County Public Service District (the "District") and have acted as such in connection with the sale of the above-referenced Bonds (the "Series 2012 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of November 28, 2012 (the "Purchase Agreement") between Ross, Sinclaire & Associates, LLC (the "Underwriter") and the District. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2012 A Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Resolution of the District relating to the Series 2012 A Bonds adopted on November 26, 2012, as supplemented by a Supplemental Parameters Resolution adopted November 26, 2012 (collectively, the "Resolution"), the Continuing Disclosure Agreement (the

"Undertaking"), the Purchase Agreement, the Official Statement dated December 5, 2012, with respect to the issuance and offering of the Series 2012 A Bonds (collectively, the "Official Statement") and a closing certificate of the District. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The District is a public service district and a public corporation and political subdivision of the State of West Virginia. The District is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Resolution, the Undertaking and the Purchase Agreement.

2. The District has full power and authority to consummate all transactions contemplated by the Series 2012 A Bonds, the Purchase Agreement, the Undertaking and any and all other agreements relating thereto, to which the District is a party.

3. The District has duly authorized all action necessary to be taken by it or on its behalf for (i) the refunding of the District's Water Revenue Bonds, Series 2004; (ii) the execution and delivery of the Undertaking and the Purchase Agreement; (iii) the approval of the distribution of the Official Statement; (iv) the ratification of the actions of the District and the issuance and delivery of the Series 2012 A Bonds upon the terms set forth in the Resolution; and (v) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Undertaking and the Purchase Agreement have been duly and validly authorized, executed and delivered by the District and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the District, enforceable against the District in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Resolution has been duly adopted at meetings of the governing body (Board) of the District which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Resolution.

6. The execution and delivery by the District of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the District or, to the best of my knowledge after diligent inquiry and review of the District's records, any agreement or other instrument to which the District is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the District have been taken, and no additional approval, authorization, consent or other order of the District or any public board or body is legally required to allow the District to enter into and perform its obligations under the Purchase Agreement or as described in the Official Statement.

8. The District is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the District.

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the District is a party or of

which any property of the District is subject, except as described in the Official Statement, which, if determined adversely to the District, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2012 A Bonds, the Undertaking or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the District to comply with its obligations under the Purchase Agreement, or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the District.

10. All approvals, consents, authorizations, resolutions and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations under the Resolution, the Series 2012 A Bonds or the Purchase Agreement, have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2012 A Bonds, as to which no opinion is hereby expressed.

11. The Resolution creates a legally valid and binding pledge of, and lien and charge upon, the security, for payment of the principal of, premium, if any, and interest on the Series 2012 A Bonds as the same become due and for the other purposes provided in the Resolution, subject only to the provisions of the Resolution permitting application thereof on the terms and conditions set forth in the Resolution.

12. The statements and information contained in the Official Statement under the captions, "THE SYSTEM," "LITIGATION" and "CONTINUING DISCLOSURE" and Appendix A do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

Hoy Shingleton, Jr., Esquire

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

December 19, 2012

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Re: $7,425,000 Berkeley County Public Service District - Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

Ladies and Gentlemen:

We have acted as disclosure counsel in connection with the above-referenced bonds (the "Bonds"), which are being issued by the Berkeley County Public Service District, West Virginia (the "District") and delivered today to Ross, Sinclaire & Associates, LLC, as the underwriter for the Bonds (the "Underwriter"). The Underwriter is purchasing the Bonds pursuant to a Bond Purchase Agreement dated November 28, 2012 (the "Bond Purchase Agreement") from the Underwriter and approved and accepted by the District. Unless the context otherwise requires, all capitalized terms used herein without definition have the respective meanings ascribed to them in the Bond Purchase Agreement.

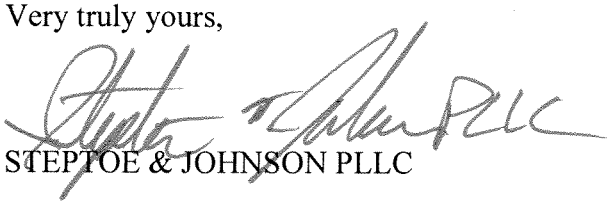
In such capacity, we have examined executed counterparts of the Preliminary Official Statement dated November 26, 2012, and the Official Statement dated November 28, 2012 (the "Official Statement") with respect to the Bonds; the Continuing Disclosure Certificate dated December 19, 2012 (the "Undertaking")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

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

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the District, the board for the District, representatives of the District, counsel for the District and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including the appendices thereto, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the addressees hereof, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Bonds.

Very truly yours,



STEPTOE & JOHNSON PLLC

EXHIBIT "B"

[CERTIFICATE OF UNDERWRITER]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Nelson Taul, Managing Director of Ross, Sinclaire & Associates, LLC (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated November 28, 2012, by and between Berkeley County Public Service District (the "Issuer") and the Underwriter, at prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement dated November 28, 2012 relating to the Bonds. We have made a bona fide public offering of all Bonds at the public offering price.

(b) At least 10% of each maturity of the Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the inside cover of the Official Statement. At the time we agreed to purchase the Bonds based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement.

(c) The level of funding of the Series 2012 A Bonds Reserve Account established by the Resolution authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Bonds Reserve Account is equal to 10% of the face amount of the Series 2012 A Bonds and is less than 125% of average annual debt service on the Series 2012 A Bonds and the maximum annual debt service on the Series 2012 A Bonds.

(d) The weighted average maturity of the Bonds is 6.856 years. The remaining weighted average maturity on the Series 2004 Bonds is 6.927 years.

(e) The yield on the Series 2012 A Bonds is 2.0160198%.

(f) The net interest cost on the Series 2012 A Bonds is 2.0306453%.

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

[Remainder of Page Intentionally Left Blank]

Dated this 19th day of December, 2012.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By:_____
Its: Managing Director

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

REGISTRAR'S CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Resolution of Berkeley County Public Service District (the "Issuer") adopted November 26, 2012, as supplemented (collectively, the "Resolution"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the State of West Virginia, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacity of Registrar under the Resolution.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Resolution, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Resolution; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Resolution.

6. All conditions precedent contained in the Resolution for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Resolution.

7. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

[This Page Intentionally Left Blank]

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

UNITED BANK, INC.

By: _____ SVP
Its: Authorized Officer

EXHIBIT A

SERIES 2012 A BOND TERMS

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

Maturity Schedule

Bond No. No.	Maturity Date (December 1)	Principal Amount	Interest Rate	Price	CUSIP
AR-1	12/01/2013	$585,000	1.000%	100.283%	084246 GC5
AR-2	12/01/2014	$595,000	1.000%	100.192%	084246 GD3
AR-3	12/01/2015	$595,000	1.500%	101.303%	084246 GE1
AR-4	12/01/2016	$575,000	1.500%	101.153%	084246 GF8
AR-5	12/01/2017	$335,000	2.000%	103.101%	084246 GG6
AR-6	12/01/2018	$345,000	2.000%	102.835%	084246 GH4
AR-7	12/01/2019	$705,000	2.000%	101.958%	084246 GJ0
AR-8	12/01/2020	$715,000	2.000%	100.660%	084246 GK7
AR-9	12/01/2021	$735,000	2.000%	99.025%	084246 GL5
AR-10	12/01/2022	$750,000	2.200%	99.026%	084246 GM3
AR-11	12/01/2023	$760,000	2.300%	98.566%	084246 GN1
AR-12	12/01/2024	$730,000	2.375%	98.714%	084246 GP6

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Nelson Taul, Managing Director of Ross, Sinclaire & Associates, LLC (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated November 28, 2012, by and between Berkeley County Public Service District (the "Issuer") and the Underwriter, at prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement dated November 28, 2012 relating to the Bonds. We have made a bona fide public offering of all Bonds at the public offering price.

(b) At least 10% of each maturity of the Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the inside cover of the Official Statement. At the time we agreed to purchase the Bonds based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement.

(c) The level of funding of the Series 2012 A Bonds Reserve Account established by the Resolution authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Bonds Reserve Account is equal to 10% of the face amount of the Series 2012 A Bonds and is less than 125% of average annual debt service on the Series 2012 A Bonds and the maximum annual debt service on the Series 2012 A Bonds.

(d) The weighted average maturity of the Bonds is 6.856 years. The remaining weighted average maturity on the Series 2004 Bonds is 6.927 years.

(e) The yield on the Series 2012 A Bonds is 2.0160198%.

(f) The net interest cost on the Series 2012 A Bonds is 2.0306453%.

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

[Remainder of Page Intentionally Left Blank]

Dated this 19th day of December, 2012.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____

Its: Managing Director

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

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

December 19, 2012

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

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclair & Associates, LLC
Cincinnati, Ohio

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered September 25, 2012, which became a Final Order on October 15, 2012 in Case No. 11-1748-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage provided by Berkeley County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 120% of the maximum amount required in any year for debt service on the Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Bonds"), to be issued in the original aggregate principal amount of $7,425,000 on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to the Bonds, including the Water Revenue Bonds, Series 1993 B, dated March 8, 1993, Water Revenue Bonds, Series 1993 C, dated March 8, 1993, Water Revenue Bonds, Series 1993 D, dated July 29, 1993, Water Revenue Bonds, Series 1996, dated August 6, 1996, Water Revenue Bonds, Series 1997, dated June 25, 1997, Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified), dated April 1, 2003, Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 1, 2003, Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, Water Revenue Bonds, Series 2006 (Bank-Qualified), dated December 28, 2006, Water Revenue Bonds, Series 2007 (Non-Bank Qualified), dated December 21, 2007, Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008, and Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009 (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the refunding to be financed by the Bonds, are not less than 120% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

CoxHollidaPrice, LLP

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

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities offered hereby in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2012 A Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability, and (iii) under the laws of the State of West Virginia, the Series 2012 A Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State of West Virginia and the interest on the Series 2012 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, the Series 2012 A Bonds are either "deemed designated " or have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$7,495,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED)

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

The Series 2012 A Bonds (the "Series 2012 A Bonds") shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2012 A Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2012 A Bonds, payments of the principal of and interest on the Series 2012 A Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2012 A BONDS – Book-Entry Bonds" herein). The Series 2012 A Bonds are not subject to redemption prior to maturity as more fully stated herein.

The Series 2012 A Bonds are being issued by Berkeley County Public Service District (the "District") to provide funds, together with other moneys available thereof, (i) to currently refund all of the District's Water Revenue Bonds, Series 2004; (ii) to fund the Series 2012 A Bonds Reserve Account; and (iii) to pay costs of issuance and related costs.

The Series 2012 A Bonds are payable from and secured by the Net Revenues derived from the existing waterworks system of the District and any additions, betterments and improvements thereto and from funds on deposit in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account established therefor. The Series 2012 A Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2012 A Bonds, or any premium or the interest thereon, except from such net revenues and such funds on deposit for the Series 2012 A Bonds. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of, or the premium, if any, or interest on, the Series 2012 A Bonds. The District has no taxing powers.

United Bank, Inc., Charleston, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2012 A Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2013. Principal of the Series 2012 A Bonds is payable annually as set forth on the inside cover page.

The portion of the Series 2012 A Bonds equal to the outstanding par amount of the Series 2004 Bonds is "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code. The District has designated the remaining portion of the Series 2012 A Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

The Series 2012 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by Hoy Shingleton, Esquire, Martinsburg, West Virginia, counsel to the District. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter.

It is expected that the Series 2012 A Bonds will be available for delivery at DTC, New York, New York, on or about December 5, 2012.

Dated: _____, 2012

*Preliminary, subject to change

R | S | A
Ross, Sinclaire & Associates, LLC

$7,495,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS,
SERIES 2012 A (BANK QUALIFIED)

MATURITY SCHEDULE

SERIES 2012 A BOND TERMS

Maturity Date	Amount*	Interest Rate*	Price*	Yield*	CUSIP No.**
12/01/2013	$590,000	____%	____%	____%	084246__
12/01/2014	$600,000	____%	____%	____%	084246__
12/01/2015	$600,000	____%	____%	____%	084246__
12/01/2016	$580,000	____%	____%	____%	084246__
12/01/2017	$340,000	____%	____%	____%	084246__
12/01/2018	$350,000	____%	____%	____%	084246__
12/01/2019	$710,000	____%	____%	____%	084246__
12/01/2020	$720,000	____%	____%	____%	084246__
12/01/2021	$740,000	____%	____%	____%	084246__
12/01/2022	$755,000	____%	____%	____%	084246__
12/01/2023	$765,000	____%	____%	____%	084246__
12/01/2024	$745,000	____%	____%	____%	084246__

*Preliminary, subject to change

** CUSIP data on this cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Bonds only at the time of issuance of the Notes and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds.

THE SERIES 2012 A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN.

The information set forth herein has been obtained from the District, public documents, records and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the District.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District, since the date hereof.

Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not be construed as representations of facts. This Official Statement is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

Page No.

INTRODUCTION 1
SOURCES AND USES OF FUNDS 3
THE SERIES 2012 A BONDS 3
SECURITY FOR THE SERIES 2012 A BONDS 6
THE SYSTEM 9
INVESTMENT CONSIDERATIONS 19
STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES 22
LITIGATION 22
LEGAL MATTERS 23
TAX MATTERS 23
UNDERWRITING 26
ACCOUNTANT'S CALCULATIONS 26
FINANCIAL STATEMENTS OF THE DISTRICT 26
CONTINUING DISCLOSURE 26
RATING 26
MISCELLANEOUS 27

Appendices:

Appendix A - Berkeley County, West Virginia Demographic Information
Appendix B - Audited Financial Statement for Fiscal Year Ended June 30, 2012
Appendix C - Proposed Form of Bond Counsel Opinion
Appendix D - Form of the Resolution
Appendix E - Form of Continuing Disclosure Certificate

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

PUBLIC SERVICE BOARD

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

ADMINISTRATION

Paul S. Fisher, Executive Director

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Hoy Shingleton, Jr., Esquire
Martinsburg, West Virginia

FINANCIAL ADVISOR

Southwest Securities Inc.
Lexington, Kentucky

UNDERWRITER

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

OFFICIAL STATEMENT
relating to

$7,495,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS,
SERIES 2012 A (BANK QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Berkeley County Public Service District (the "District"), the District's waterworks system hereinafter described and defined and the District's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"). The Series 2012 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a bond resolution and supplemental resolution adopted by the Board of the District on November 26, 2012 (collectively, the "Resolution").

The Series 2012 A Bonds are being issued to (i) to currently refund all of the District's Water Refunding Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (ii) to fund the Series 2012 A Bonds Reserve Account; and (iii) to pay costs of issuance of the Series 2012 A Bonds and related costs.

In addition to the Series 2004 Bonds the District currently has outstanding (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, hereinafter called the "Prior Bonds"). The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

*Preliminary, subject to change

The Series 2012 A Bonds are payable from and secured by the Net Revenues (as defined in the Resolution) derived from the System on a parity with or senior to the Prior Bonds and from funds on deposit in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account.

There are outstanding obligations of the District which are designated and have lien positions with respect to the Capacity Improvement Fees of the District as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the System, the proceeds of the bonds to be subsequently issued by the District to permanently finance the improvements paid for with the proceeds of the Prior Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the District. **The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System.** The current status of the Capacity Improvement Fees is discussed herein. See "STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES."

The Series 2012 A Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2012 A Bonds, or any premium (if any), or the interest thereon, except from such Net Revenues and such funds on deposit for the Series 2012 A Bonds. Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Net Revenues equal to at least 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from Net Revenues on a parity with the Series 2012 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 A BONDS - Rate Covenant."

The District may issue additional bonds on a parity with the Series 2012 A Bonds and the Prior Bonds for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any outstanding Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution or the Prior Resolutions (the Series 2012 A Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2012 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2012 A Bonds, the Resolution, the refunding of the Series 2004 Bonds, the System, the District, continuing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Supplemental Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2012 A Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Resolution.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Series 2012 A Bonds	$7,495,000.00*
[Reoffering Premium][Original Issue Discount]	
TOTAL	$
Uses of Funds	
Underwriter's Discount	
Cost of Issuance	
Deposit to Series 2012 A Bonds Reserve Account	
Deposit to Current Refunding Fund	
Rounding Amount	
TOTAL	$

THE SERIES 2012 A BONDS

General

Interest on the Series 2012 A Bonds will accrue from the date of delivery and will be payable June 1, 2012 and semi-annually thereafter (each December 1 and June 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Book-Entry Bonds

The Series 2012 A Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2012 A Bonds will not receive certificates representing their interests in the Series 2012 A Bonds purchased.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

*Preliminary, subject to change

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Optional Redemption*

The Series 2012 A Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption*

The Series 2012 A Bonds maturing on December 1, 20__, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 20__, and on each December 1 thereafter to and including December 1, 20__, in annual principal amounts as follows:

Year	Amount
20__	$
20__	$
20__ * (Final Maturity)	$

*Preliminary, subject to change

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

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

SECURITY FOR THE SERIES 2012 A BONDS

The Series 2012 A Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2012 A Bonds except from said sources. The District has no taxing powers.

Sources of Payment

The payment of the debt service on the Series 2012 A Bonds shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the owners of the Prior Bonds (except the Series 1993 C Bonds), and senior and prior to the lien on such Net Revenues in favor of the owners of the Series 1993 C Bonds. Such Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2012 A Bonds and the Prior Bonds and to make all other payments provided for in the Resolution, are irrevocably pledged to such payments as they become due.

Rate Covenant

The District covenants and agrees in the Resolution that the schedule of rates and charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 A Bonds, including the Prior Bonds.

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

Reserve Account

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

Account shall be used only to pay principal of and interest on the Series 2012 A Bonds as due, when amounts in the Series 2012 A Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2012 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 A Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2012 A Bonds Reserve Account which have the effect of reducing the assets therein below the reserve requirement, first from the Net Revenues and then from the Renewal and Replacement Fund after all other required payments to the Sinking Funds for the Series 2012 A Bonds and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

Renewal and Replacement Fund

The District is required to transfer from the Revenue Fund to the Renewal and Replacement Fund a sum equal to 2 ½% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. Withdrawals and disbursements from the Renewal and Replacement Fund may be made for: (a) paying costs of replacements, repairs, improvements or extensions to the System or (b) making up any deficiency in any Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a state banking corporation or national banking association selected by the District (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) next, remit to the Commission (i) the amounts required by the Prior Resolutions for deposit to the Sinking Funds of the Prior Bonds for payment of interest, if any, on and principal of the Prior Bonds, (ii) for monthly deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing semiannual interest payment date, and (iii) for monthly deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2012 A Bonds on the next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the District shall make equal monthly payments into the Sinking Funds in an amount which shall be reduced by any earnings credited to the Sinking Funds, if any, will be sufficient to pay principal and interest due on the first principal and interest date); (3) next, remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts of the Prior Bonds, and then for restoration of any deficiency in the funding of the Series 2012 A Bonds Reserve Account; and (4) next, for monthly transfer to the Renewal and Replacement Fund, a sum equal to 2 ½% of Gross Revenues each month, exclusive of any payments for account of any Reserve Account. As described under "Sources of Payment" above, the Series 2012 A Bonds and the Prior Bonds (except the Series 1993 C Bonds, which have a junior lien) are secured by a first parity lien on the Net Revenues of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia (the "PSC") and other laws of the State. Under the Act, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The District further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on a parity with the Series 2012 A Bonds (limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable) with respect to the Prior Bonds lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "Parity Bonds") for the following purposes and under the following conditions:

No such Parity Bonds shall be issued except for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any outstanding Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution or the Prior Resolutions.

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

A. The Bonds then Outstanding;

B. Any Parity Bonds theretofore issued pursuant to the provisions contained in the Resolution then Outstanding; and

C. The Parity Bonds then proposed to be issued.

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

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

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

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

[*The remainder of this page is left intentionally blank*]

Customer Statistics

The table and chart below depict the customer base of the District for the last 5 fiscal years.

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

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

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

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

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

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

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

** Gallons are in thousands per year.*

Source: Berkeley County Public Service District; PSC Reports

Rates

Pursuant to the Act, rates and charges are set by the Public Service Commission of West Virginia for the use of and the service rendered by the System sufficient for the payment of sums required to be paid into the various sinking funds and to provide for the repair, replacement, maintenance and operation of the System.

Current Rates

The table below lists the current water rates for General Domestic, Commercial and Industrial Customers:

First	2,000 Gallons Used per Month	$8.95 per 1,000 Gallons
Next	88,000 Gallons Used per	$5.80 per 1,000 Gallons
Over	90,000 Gallons Used per	$4.10 Per 1,000 Gallons

Minimum Charge

5/8 Inch Meter	$17.90	Per Month
1 Inch Meter	$44.75	Per Month
1 ½ Inch Meter	$89.50	Per Month
2 Inch Meter	$143.20	Per Month
3 Inch Meter	$268.50	Per Month
4 Inch Meter	$447.50	Per Month
6 Inch Meter	$895.00	Per Month
8 Inch Meter	$1,432.00	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $127.73 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $127.73 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $73.86 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%)

Reconnection Fee: Twenty dollars ($20.00)

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.4896 per 1,000 gallons

Returned Check Charge: $25.00

The table below lists the water rates for General Domestic, Commercial and Industrial Customers, which will go into effect when current construction projects are completed, anticipated to occur in the spring of 2013:

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

Minimum Charge

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

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

Hose Connections for fire use only $74.38 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%)

Reconnection Fee: Twenty dollars ($20.00)

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.68 per 1,000 gallons

Returned Check Charge: $25.00

Billing and Collections

The District bills each customer monthly, based on the actual water meter reading for the previous month. Payments are accepted for twenty days after the billing date before a late penalty of 10% is added. If bills are not paid within thirty days, water shutoff procedures are commenced. Water service is not restored until the account is settled in full.

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

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

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

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2012 A BONDS -- Enforcement of Collections" herein.

System Budget and Expenditure

An operating budget is prepared annually by the Executive Director and is required by the Act to be submitted to the Board no later than 45 days before the new fiscal year begins. The budget is compared to actual year-to-date revenues and expenditures monthly.

Method of Accounting

The District maintains its accounts on an accrual basis and prepares its financial statements in accordance with generally accepted accounting principles. CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, audited the records of the District for the fiscal years ended June 30, 2012 (See "Appendix B - Audited Financial Statement for Fiscal Year Ended June 30, 2012.")

Retirement System

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, ("PERS").

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their highest three-year average salary in the past 10 years times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The District's covered payroll amounted to $2,088,564 for the year ended June 30, 2012.

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

Summary of Historical Revenues and Expenses

The table below lists the net income of the District for the last 3 fiscal years as filed with the PSC.

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

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

Annual Debt Service Requirements

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

Debt Service for Series 2012 A Bonds*

FY Ending June 30	Principal Portion	Interest Portion	LESS: Reserve Account	Total Payments
2013		$61,012		$61,012
2014	$590,000	$133,474		$723,474
2015	$600,000	$127,524		$727,524
2016	$600,000	$120,024		$720,024
2017	$580,000	$111,174		$691,174
2018	$340,000	$103,424		$443,424
2019	$350,000	$96,524		$446,524
2020	$710,000	$85,924		$795,924
2021	$720,000	$71,624		$791,624
2022	$740,000	$57,024		$797,024
2023	$755,000	$42,074		$797,074
2024	$765,000	$26,109		$791,109
2025	$745,000	$8,847	($749,500)	$4,347
Totals	$7,495,000	$1,044,755	($749,500)	$7,790,255

*Preliminary, subject to change.

Total Cumulative Debt Service*

FY Ending June 30	Series 2012 A Payments	Principal Portion	Interest Portion	LESS: Reserve Account	Total Payments
2012		$1,261,136	$2,373,802	$0	$3,634,938
2013	$61,012	$1,305,430	$2,177,024	$0	$3,543,466
2014	$723,474	$875,925	$1,984,585	$0	$3,583,984
2015	$727,524	$912,697	$1,945,042	$0	$3,585,263
2016	$720,024	$960,829	$1,902,922	$0	$3,583,775
2017	$691,174	$1,035,405	$1,857,556	$0	$3,584,134
2018	$443,424	$1,336,518	$1,805,489	$0	$3,585,430
2019	$446,524	$1,394,262	$1,746,569	$0	$3,587,354
2020	$795,924	$1,113,748	$1,688,070	($173,666)	$3,424,076
2021	$791,624	$1,010,081	$1,634,054	$0	$3,435,758
2022	$797,024	$1,058,380	$1,580,530	$0	$3,435,934
2023	$797,074	$1,113,771	$1,524,010	$0	$3,434,855
2024	$791,109	$1,376,389	$1,459,846	($194,990)	$3,432,355
2025	$4,347	$2,041,385	$1,376,030	$0	$3,421,762
2026		$2,149,140	$1,276,272	$0	$3,425,412
2027		$2,249,087	$1,170,942	$0	$3,420,029
2028		$2,356,375	$1,059,476	$0	$3,415,851
2029		$2,476,159	$941,878	($712,081)	$2,705,956
2030		$1,618,610	$839,234	$0	$2,457,844
2031		$1,703,904	$752,333	$0	$2,456,237
2032		$1,842,234	$659,362	($43,799)	$2,457,797
2033		$2,648,723	$560,579	($751,218)	$2,458,084
2034		$2,037,957	$418,301	$0	$2,456,258
2035		$2,130,554	$327,751	$0	$2,458,305
2036		$2,268,602	$231,841	($46,714)	$2,453,729
2037		$2,325,415	$131,773	$0	$2,457,188
2038		$1,541,529	$47,706	$0	$1,589,235
2039		$117,997	$10,663	$0	$128,660
2040		$124,841	$3,620	($132,083)	($3,622)
Totals		$44,387,084	$33,487,259	($2,054,551)	$83,610,047

Note: Excludes Series 2004 Bonds to be Refunded.

*Preliminary, subject to change.

Coverage Ratios

Under the Resolution, the District has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2012 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 A BONDS -- Rate Covenant" herein.

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

The revenues generated by the current rates will be sufficient, in the opinion of the District's accountants, CoxHollidaPrice LLP, to produce revenues sufficient to pay the costs of operating and maintaining the System and funding the debt service on the Series 2012 A Bonds and the Prior Bonds.

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

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

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

INVESTMENT CONSIDERATIONS

The Public Service Commission of West Virginia

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

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

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

Commission Regulatory Oversight of Rate Increases

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

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

Potential Delays in Effective Date of Rates

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

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

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

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

Test Year

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

Reliance on "Known and Measurable" Adjustments

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

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

Emergency Rate Increase

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

Treatment of Renewal and Replacement Funds

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

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

STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES

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

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

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

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

On May 9, 2012, the Commission entered an order in Case No. 09-0961-PSWD-GI (the "Order") discontinuing the District's Capacity Improvement Fee. The Commission determined that the District did not demonstrate that the District's capacity will be depleted within seven years or less. The Order specifically rejected any "refund" of the Capacity Improvement Fees collected prior to the date of entry of the Order. In the Order, the Commission specifically recognized that the discontinuance of the Capacity Improvement Fees "may necessitate the filing of rate proceeding(s) by the District." The District is planning to file a request for a rate increase sufficient to make the remaining payments on the Series 2007 Notes, and to issue long-term debt obligations to pay the Series 2007 Notes in full prior to the maturity thereof.

On September 5, 2012, Larry V. Faircloth Realty, Inc. ("Faircloth"), a party to Case No. 09-0961-PSWD-GI, appealed the Order to the Supreme Court of Appeals of West Virginia. Faircloth primarily argues that the Commission erred by (i) concluding that the Commission has jurisdiction to establish a capacity improvement fee, and (ii) establishing May 9, 2012 as the date the District was unable to meet the Commission's test for the establishment of a capacity improvement fee. In relief, Faircloth requests, among other things, that the court (i) find that the Commission has no authority to authorize the collection of a capacity improvement fee, (ii) order the District to refund the Capacity Improvement Fees Faircloth has paid

since 2004, or, in the alternative, since February 27, 2009, and (iii) award it reasonable attorney fees and costs associated with the underlying Commission matter.

On October 30, 2012, the District responded to Faircloth's petition for appeal. In response, the District argues that various statutory provisions authorize the Commission to establish a capacity improvement fee. More specifically, the District argues that numerous provisions of Chapter 24, Article 2 of the West Virginia Code and West Virginia Code Section 16-13-9 authorize the Commission to establish and approve a capacity improvement fee. The District also points out that the Commission routinely authorizes of a fee (*e.g.*, late payment fee, tap fee, bad check fee, disconnect fee, reconnect fee), and that a capacity improvement fee does not meet West Virginia's definition of a tax. In response to Faircloth's request for a refund of Capacity Improvement Fees, the District asserts that the discontinuance of the Capacity Improvement Fee is prospective only. In support, the District argues that West Virginia Code Section 24-2-3 does not allow for retroactive changes to utility rates, and that West Virginia case law confirms this. Finally, the District asserts that Faircloth's appeal is not timely; therefore, the court should reject the appeal. The District argues that Faircloth should have filed its appeal of the Order no later than June 8, 2012.

Faircloth's reply brief is due November 14, 2012, and the matter is set for oral argument before the West Virginia Supreme Court of Appeals on January 16, 2013.

LITIGATION

Except as discussed with respect to the Capacity Improvement Fees herein, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2012 A Bonds, the Resolution, or any agreement to which the District is a party and which is a part of the issuance of the Series 2012 A Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2012 A Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Martinsburg, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, based on existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Resolution and other documents pertaining to the Series 2012 A Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Series 2012 A Bonds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 A Bonds is not includable in the gross income of the owners of the Series 2012 A Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Series 2012 A Bonds to be included in gross income retroactively to the date of issuance of the Series 2012 A Bonds.

In the further opinion of Bond Counsel, interest on the Series 2012 A Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Series 2012 A Bonds, however, is included as an adjustment in the calculation

of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel express no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Series 2012 A Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Resolution or in other documents pertaining to the Series 2012 A Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel express no opinion as to the effect of any change to any document pertaining to the Series 2012 A Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Steptoe & Johnson PLLC, or in reliance upon the advice of counsel other than Steptoe & Johnson PLLC, with respect to the exclusion from gross income of the interest on the Series 2012 A Bonds for federal income tax purposes.

Bank Qualification

Pursuant to Section 265(b)(3)(D)(ii) of the Code, the portion of the Series 2012 A Bonds equal to the outstanding paramount of the Series 2004 Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2012 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. The remaining portion of the Series 2012 A Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Original Issue Discount

The initial public offering price of certain of the Series 2012 A Bonds (the "Discount Series 2012 A Bonds") is less than the principal amount of the Discount Series 2012 A Bonds. The difference between the principal amount of a Discount Series 2012 A Bond and its initial public offering price is original issue discount. Original issue discount on a Discount Series 2012 A Bond accrues over the term of such Discount Series 2012 A Bond at a constant interest rate. To the extent it has accrued, original issue discount on a Discount Series 2012 A Bond is treated as interest excludable from gross income for federal income tax purposes under the conditions and limitations described above. The amount of original issue discount that accrues on a Discount Series 2012 A Bond in each year is not an item of tax preference for purposes of calculating federal alternative minimum taxable income, but is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. Additionally, such accrued original issue discount is taken into account in determining the distribution requirements of certain regulated investment companies. Consequently, owners of Discount Series 2012 A Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner may not have received cash in such year.

The accrual of original issue discount on a Discount Series 2012 A Bond will increase the owner's adjusted basis in such Discount Series 2012 A Bond. This will affect the amount of taxable gain or loss realized by the owner of the Discount Series 2012 A Bond upon the redemption, prepayment, sale or other disposition of such Discount Series 2012 A Bond. The effect of the accrual of original issue discount on the federal income tax consequences of a redemption, prepayment, sale or other disposition of a Discount Series

2012 A Bond that is not purchased at the initial public offering price may be determined according to rules that differ from those described above. Owners of Discount Series 2012 A Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of original issue discount that properly accrues with respect to the Discount Series 2012 A Bonds, other federal income tax consequences of owning and disposing of the Discount Series 2012 A Bonds and any state and local tax consequences of owning and disposing of the Discount Series 2012 A Bonds.

Original Issue Premium

The excess, if any, of the tax adjusted basis of Series 2012 A Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Tax-Exempt Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Series 2012 A Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of Series 2012 A Bonds with bond premium are required to decrease their adjusted basis in such Series 2012 A Bonds by the amount of amortizable bond premium attributable to each taxable year such Series 2012 A Bonds are held. The amortizable bond premium on such Series 2012 A Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to the interest received on such Series 2012 A Bonds. Owners of such Series 2012 A Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such Series 2012 A Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2012 A Bonds.

Information Reporting and Backup Withholding

Interest paid on the Series 2012 A Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2012 A Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, under the laws of the State of West Virginia, the Series 2012 A Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State of West Virginia and the interest on the Series 2012 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2012 A Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the Series 2012 A Bonds. Prospective purchasers of the Series 2012 A Bonds should consult their tax advisors regarding any

future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

UNDERWRITING

The Underwriter, has agreed, subject to certain conditions, to purchase the Series 2012 A Bonds from the District at a price of $_____ which reflects an Underwriter's discount of $_____ and a net original issue discount of $_____. The Underwriter will be obligated to purchase all of the Series 2012 A Bonds if any are purchased. The Series 2012 A Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

ACCOUNTANT'S CALCULATIONS

CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, independent certified public accountants, will certify the coverage requirement and parity test requirement.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix B is the audited financial statement (and reports with respect thereto) of the District as of June 30, 2012, prepared by CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia. The financial statement has been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting.

CoxHollidaPrice LLP has consented to the inclusion of the Berkeley County Public Service District Financial Statements for years ended June 30, 2012 in this offering document.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the owners and beneficial owners of the Series 2012 A Bonds, under a Continuing Disclosure Certificate dated as of the Closing Date, to provide certain financial information and operating data (an "Annual Report") not later than nine months following the end of its Fiscal Year (presently June 30), beginning on March 31, 2013, with the report for Fiscal Year 2011-12, and to promptly provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate ("Listed Events").

The District will file the Annual Report and any notice of Listed Events as described in the Continuing Disclosure Certificate. The specific nature of the information to be contained in the Annual Report or the notices of Listed Events is set forth in the Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The form of the Continuing Disclosure Certificate is attached to this Official Statement as APPENDIX E.

While the District entered into various undertakings with respect to all publicly issued Prior Bonds, it did not employ a dissemination agent. Although the District provided annual financial information to national repositories for all public issued Prior Bonds, such filings were not always timely. The District failed to send the audited financial statements to EMMA commencing July 1, 2009. Audits for the fiscal years ending June 30, 2003, June 30, 2004, June 30, 2005, June 30, 2006, June 30, 2007, June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011 and June 30, 2012 were recently filed with EMMA. The District has implemented a new internal policy to ensure the timely filing of audited financial statements with EMMA.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of "A3" with respect to the Series 2012 A Bonds. Any desired explanation of the significance of such ratings should be obtained from Moody's. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the Berkeley County Public Service District to Moody's. Generally, Moody's bases its rating on the information and materials so furnished and on its investigation, studies and assumptions. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the owners of the Series 2012 A Bonds any proposed revision or withdrawal of the rating of the Series 2012 A Bonds or to oppose any such proposed revision or withdrawal. Any such changes in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2012 A Bonds to which such change or withdrawal relates.

MISCELLANEOUS

References made in this Official Statement to certain documents and reports are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

The appendices to this Official Statement are integral parts of this Official Statement. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision. The execution and distribution of this Official Statement has been duly authorized by the District.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

Appendix A

BERKELEY COUNTY, WEST VIRGINIA
DEMOGRAPHIC INFORMATION

Appendix A
BERKELEY COUNTY, WEST VIRGINIA

Berkeley County Public Service Water District is located in Berkeley County, West Virginia. The County seat, Martinsburg, is known as the "Gateway to the Shenandoah Valley." Berkeley County is located just 90 minutes from the Washington, D.C./Baltimore, Maryland area. It is bounded in the north by the Potomac River and Washington County, Maryland; on the east by Jefferson County, West Virginia; on the south by Frederick County, Virginia; and on the west by Hardy and Morgan Counties of West Virginia.

In the fall of 1992, the U.S. Census Bureau included Berkeley County as part of the Washington, D.C./Baltimore, Maryland Standard Metropolitan Statistical Area. Berkeley County's proximity to this metropolitan area is the driving force behind the growth experienced by the Easter Panhandle and the County. The transportation access, Interstate 81, West Virginia Route 9 and the MARC train, have aided in making the area a prime location for business, industry and commuters. Major industries in the Berkeley County today include General Motors, Quad Graphics, Quad Baker Road, Plygem, Ecolab and Essroc.

The 2011 estimated population of Berkeley County is approximately 105,750 people. Berkeley County experienced a 27.1% population growth between 2000 and 2010. Below is a table representing Berkeley County's population and percentage of change from 1993 through July 1, 2010.

Population Year	Population Amount	Percentage Change
2011	105,750	1.52%
2010	104,169	.30%
2009	103,854	2.14%
2008	101,629	1.86%
2007	99,734	2.26%
2006	97,534	4.55%
2005	93,286	4.55%
2004	89,228	4.57%
2003	85,330	4.81%
2002	81,414	3.44%
2001	78,708	3.69%
2000	75,905	4.20%
1999	72,846	2.57%
1998	71,021	2.85%
1997	69,053	1.82%
1996	67,822	2.11%
1995	66,421	1.80%
1994	65,245	1.99%
1993	63,971	1.99%

Source: U.S. Census Bureau

Major communities within reasonable traveling distance of Berkeley County include:

Community Name	Approximate Distance (miles)
Washington, D.C.	80
Baltimore, MD	90
Hagerstown, MD	18
New York, NY	264
Philadelphia, PA	180
Harrisburg, PA	93
Richmond, VA	180
Winchester, VA	22

[The Remainder of This Page is Intentionally Left Blank.]

The following table represents the current labor force and employment data for Berkeley County and the state of West Virginia:

Calendar Year	Area	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
2011	Berkeley County	45,410	41,810	3,600	7.9%
	West Virginia	799,900	736,100	63,800	8.0%
2010	Berkeley County	44,740	40,500	4,240	9.5%
	West Virginia	782,300	711,100	71,300	9.1%
2009	Berkeley County	45,570	41,700	3,870	8.5%
	West Virginia	797,900	734,600	63,400	7.9%
2008	Berkeley County	46,000	43,880	2,130	4.6%
	West Virginia	808,500	774,100	34,400	4.3%
2007	Berkeley County	46,410	44,670	1,740	3.7%
	West Virginia	818,200	785,300	32,900	4.00%
2006	Berkeley County	44,520	42,640	1,880	4.20%
	West Virginia	807,000	767,100	39,900	4.90%
2005	Berkeley County	43,909	41,530	1,790	4.70%
	West Virginia	800,400	760,600	39,700	5.00%
2004	Berkeley County	41,030	39,330	1,700	4.20%
	West Virginia	790,900	749,000	41,900	5.30%
2003	Berkeley County	37,950	36,160	1,790	4.70%
	West Virginia	787,000	739,000	48,000	6.10%
2002	Berkeley County	37,870	35,980	1,800	5.00%
	West Virginia	804,000	755,000	49,000	6.10%
2001	Berkeley County	38,290	36,880	1,410	3.70%
	West Virginia	821,000	781,000	40,000	4.80%
2000	Berkeley County	36,680	35,590	1,090	3.00%
	West Virginia	809,000	765,000	45,000	5.50%

Source: West Virginia Bureau of Employment Programs

The table below lists the largest employers of Berkeley County, West Virginia:

Employer	Number of Employees
Berkeley County Schools	2,300
Veterans Administration Center	1,569
West Virginia Air National Guard	1,230
Enterprise Computing Center	900
WVU Hospital East	900
Quad/Graphics, Inc.	850
Bureau of Alcohol, Tobacco & Firearms	614
U.S. Coast Guard Operations System Center	535
Regional Education Service Agency VIII	450
U.S. Coast Guard National Maritime Center	378

Source: Berkeley County Development Authority, January 2012

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

[Date of Delivery]

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

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (West Virginia) (the "Issuer") of its $_____ in aggregate principal amount Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds").

The Series 2012 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on November 26, 2012, as supplemented (the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2012 A Bonds are issued for the purposes of (i) to refund all or a portion of the District's Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (ii) funding the reserve account for the Series 2012 A Bonds; and (iii) paying the costs of issuance of the Series 2012 A Bonds and other costs in connection with such financing.

The Series 2012 A Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated November ____, 2012, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax Certificate and the Continuing Disclosure Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 A Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Certificate and the Purchase Agreement,

perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 A Bonds, all under the provisions of the Act and other applicable provisions of law.

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

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

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

5. The Issuer has designated the Series 2012 A Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

7. The Series 2012 A Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993; (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993; (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996; (iv) Water Revenue Bonds, Series 1997, dated June 25, 1997; (v) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001; (vi) (vi) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003; (vii) Water Refunding Revenue Bonds, Series 2003 C, dated May 15, 2003; (viii) Water Revenue Bonds, Series 2004, dated December 30, 2004; (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006; (x) Water Revenue Bonds, Series 2007, dated December 21, 2007; (xi) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008; and (xiii) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009 (collectively, the "First Lien Bonds"), and senior and prior to the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993 (the "Second Lien Bonds"), all in accordance with the terms of the Series 2012 A Bonds and the Resolution.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

[Form of the Resolution]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 2004 BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's refunding of its outstanding Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of Berkeley County Public Service District and other users of the System to currently refund its outstanding Series 2004 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2004 Bonds should be financed with the proceeds from the issuance of the Water Refunding Revenue Bonds, Series 2012 A, in the original aggregate principal amount of not more than $8,000,00 (the "Series 2012 A Bonds"), such Series 2012 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System; and

WHEREAS, in addition to the Series 2004 Bonds, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, the District anticipates selling its Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds") on December 13, 2012 and expects to close on the Series 2012 B Bonds on December 20, 2012. The Prior Issued Bonds together with the Series 2012 B Bonds are collectively referred to herein as the "Prior Bonds."

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

There are outstanding obligations of the Issuer which are designated and have lien positions with respect to the Capacity Improvement Fees of the Issuer as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the improvements paid for with the proceeds of the Prior Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the Issuer. The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System. The current status of the Capacity Improvement Fees is discussed herein.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2012 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2012 A Bonds.

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

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

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

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

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

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

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

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

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 A Bonds in substantially the form set forth in EXHIBIT A - SERIES 2012 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 2012 A Bonds for the proceeds representing the original purchase prices thereof.

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

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

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

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

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

"DTC-eligible" means, with respect to the Series 2012 A Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

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

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

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

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

"Independent Certified Public Accountant" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an

independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

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

"Net Proceeds" means the face amount of the Series 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2012 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

"Outstanding," when used with reference to the Series 2012 A Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

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

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

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

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

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

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

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

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

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

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

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

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

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

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

C. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2012, in the total aggregate principal amount of not more than $8,000,000 to pay all or a portion of the Series 2004 Bonds. The proceeds of the Series 2012 A Bonds may also be applied to funding the Series 2012 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; administrative expense; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs

prior to the issuance of the Series 2012 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

D. It is in the best interests of the Issuer that the Series 2012 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

E. The Series 2012 A Bonds shall be issued on a parity with one another and the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds set forth in the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2012 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; and (ii) where necessary, the written consent of the Holders of the First Lien Bonds and the Second Lien Bonds to the issuance of the Series 2012 A Bonds on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

F. The Series 2012 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A - Series 2012 A Bond FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

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

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

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2012 A Bonds and the refunding of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 A Bonds or such final order will not be subject to appeal or rehearing.

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

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 2004 Bonds Outstanding as of the date of issuance of the Series 2012 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 2004 Bonds imposed by the Prior Resolution authorizing the issuance of the Series 2004 Bonds, the monies in the funds and accounts created by the Prior Resolutions pledged to payment of the Series 2004 Bonds, and any other funds pledged by the Prior Resolutions to payment of the Series 2004 Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2004 Bonds. Contemporaneously with the payment in full of the Series 2004 Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2004 Bonds, shall be released from the lien created by the Prior Resolution authorizing the issuance of the Series 2004 Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2012 A Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Series 2012 A Bonds issued pursuant to this Resolution may be issued only as fully registered Series 2012 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2012 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 A Bonds shall be in default, Series 2012 A Bonds issued in exchange for Series 2012 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2012 A Bond in the principal amount of said Series 2012 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 A Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2012 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2012 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2012 A Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2012 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 A Bonds issued hereunder.

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

So long as any of the Series 2012 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 A Bonds. Series 2012 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 A Bond, there shall be issued at the option of the Holder or the transferee another Series 2012 A Bond of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2012 A Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 A Bonds may at the option of the Holder thereof be

exchanged for an equal aggregate principal amount of Series 2012 A Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2012 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2012 A Bonds, the initial exchange of Series 2012 A Bonds and exchanges of Series 2012 A Bonds in the event of partial redemption of fully registered Series 2012 A Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2012 A Bond of like series, maturity and principal amount as the Series 2012 A Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2012 A Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2012 A Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 A Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2012 A Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2012 A Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2012 A Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2012 A Bonds be at any time found by any one, and such duplicate Series 2012 A Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 A Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2012 A Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 A Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2012 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to Original Purchaser and the registered owner of the Series 2012 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2012 A Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

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

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2012 A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2012 A Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2012 A Bonds.

If funds sufficient to redeem all Series 2012 A Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 A Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 A Bonds or portions of Series 2012 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 A Bonds or portions of Series 2012 A Bonds shall cease to bear interest. Upon surrender of such Series 2012 A Bonds for redemption in accordance with said notice, such Series 2012 A Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2012 A Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2012 A Bond. All Series 2012 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 A Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2012 A Bonds for which there was no such failure.

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

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

Section 3.10. Authorization of Bonds. For the purposes of paying all or a portion of the Series 2004 Bonds, funding the Series 2012 A Bonds Reserve Account, and paying costs of issuance in connection therewith, there shall be issued the Series 2012 A Bonds of the Issuer, in an aggregate principal amount of not more than $8,000,000. The Series 2012 shall be designated "Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2012 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2012 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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

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

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 A Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 A Bonds, selecting the Series 2012 A Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2012 A Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 A Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 A Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 A Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 A Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

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

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

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

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

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

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

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

Section 3.13. Form of Bonds. The definitive Series 2012 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2012 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 2012 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2012 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

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

3. An amount of the proceeds of the Series 2012 A Bonds which shall be sufficient to pay the costs of issuance of the Series 2012 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 A Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code.

4. An amount of Series 2012 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2012 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay

costs of issuance of the Series 2012 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2012 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 A Bonds from which such proceeds are derived.

Section 3.15. Designation of Series 2012 A Bonds as "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(D)(ii) of the Code, the portion of the Series 2012 A Bonds equal to the outstanding paramount of the Series 2004 Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2012 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. The remaining portion of the Series 2012 A Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and the Issuer covenants that the Series 2012 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and the Issuer reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2012 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2012 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

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

(1) Series 2012 A Bonds Sinking Fund;

(2) Series 2012 A Bonds Reserve Account; and

(3) Series 2012 A Bonds 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:

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; and (ii) commencing 6 months prior to the first interest payment date on the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, and in the Series 2012 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2012 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory

Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2012 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 A Bonds Reserve Account below the Series 2012 A Bonds Reserve Requirement or any withdrawal from the Series 2012 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2012 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2012 A Bonds Reserve Account is less than the Series 2012 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2012 A Bonds Reserve Account for deposit into the Series 2012 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 A Bonds Reserve Account to an amount equal to the Series 2012 A Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2012 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 A Bonds Reserve Requirement.

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

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

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

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

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

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

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

The Issuer shall restore any withdrawals from the Series 2012 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2012 A Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2012 A Bonds, senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

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

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

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

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

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

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

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

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

(A) Qualified Investments acquired for the Series 2012 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to annually transfer from the Series 2012 A Bonds Reserve Account, pro rata, to the Series 2012 A Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess

of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2012 A Bonds Reserve Account an amount at least equal to the Series 2012 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 A Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 A Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2012 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 A Bonds in such manner and to such extent as may be necessary, so that the Series 2012 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2012 A Bonds) so that the interest on the Series 2012 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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

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

reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2012 A Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2012 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Prior Bonds and the Series 2012 A Bonds herein authorized, and to make the payments into the Series 2012 A Bonds Sinking Fund, the Series 2012 A Bonds Reserve Account, and all other payments provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2012 A Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2012 A Bonds, including the First Lien Bonds and the Second Lien Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate order.

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

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

The Issuer will obtain all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia necessary for the issuance of the Series 2012 a Bonds and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2012 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 A Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2012 A Bonds Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2012 A Bonds. Any balance remaining after the payment of the Series 2012 A Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined

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

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 A Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2012 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

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

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

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

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2012 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner

and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 A Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

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

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code of 1931, as amended, Section 38-2-39.

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

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

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

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

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

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

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

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 A Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance

sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

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

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

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 A Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2012 A Bonds during the term thereof is, under the terms of the Series 2012 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 A Bonds during the term thereof is, under the terms of the Series 2012 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

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

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

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

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

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds:

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

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

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

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

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

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

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

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

(C) Bring suit upon the Series 2012 A Bonds;

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

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

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2012 A Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

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

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

Whenever all that is due upon the Series 2012 A Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2012 A Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2012 A Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

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

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer, specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2012 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders

or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

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

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2012 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

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

The Series 2012 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2012 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2012 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2012 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2012 A Bonds; provided, that any cash received

from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2012 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2012 A Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2012 A Bonds then Outstanding and affected thereby, which must be filed with the Secretary of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2012 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2012 A Bonds required for consent to any such modification or amendment.

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

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

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

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

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

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

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

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

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

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

REGISTRAR AND PAYING AGENT

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

DEPOSITORY BANK

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

ORIGINAL PURCHASER

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

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

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

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 A Bonds and the Original Purchaser.

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

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

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

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

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

Adopted this 26th day of November, 2012.

_____

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 26th day of November, 2012.

Dated this ____ day of _____, 2012.

[SEAL]

_____
Secretary

EXHIBIT A - SERIES 2012 A BONDS FORM

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

No. AR-_____ $_____

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

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2012 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the Series 2004 Bonds; (ii) to fund a Reserve Account for the Series 2012 A Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2012 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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

(i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue

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

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

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

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

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

_____Bonds Maturing_____

Year (___) Principal Amount

_____Bonds Maturing_____

Year (___) Principal Amount

_____Bonds Maturing_____

Year (___) Principal Amount

_____

* Final Maturity

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2012 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay the Series 2004 Bonds, fund a reserve account for the Series 2012 A Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

The portion of the Bonds equal to the outstanding par amount of the Series 2004 Bonds has been "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code. The remaining portion of the Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

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

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

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

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____, 2012.

_____,
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

APPENDIX E

[Form of Continuing Disclosure Certificate]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE
$_____
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS
SERIES 2012 A (BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Berkeley County Public Service District ("District"), and is being delivered to Ross, Sinclaire & Associates, LLC (the "Underwriter") in connection with the issuance by the District of its $_____* in aggregate original principal amount of its Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "2012 A Bonds"). The Underwriter is the initial purchaser of the 2012 A Bonds. The 2012 A Bonds are being issued pursuant to an Resolution enacted by the District on December __, 2012 (the "Resolution"). Certain terms are defined in Section 10 hereof.

The District undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. Subject to the provisions of Section 12 hereof, the District agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the District.

Any or all of the items listed above may be included by specific reference to other documents; *provided, that* if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information. The District agrees to provide or cause to be provided the following information to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the 2012 A Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this Section 3 any earlier than the date on which notice of the underlying event is given to the registered owners of affected 2012 A Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event; is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which 2012 A Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the District pursuant to this Disclosure Certificate will terminate at such time as no 2012 A Bonds remain Outstanding (within the meaning of the Resolution), all of the 2012 A Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the 2012 A Bonds. The District will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5. Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent is the District.

SECTION 6. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the 2012 A Bonds, or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the District and experienced in bond or Federal securities law, have complied with the requirements of the Rule at the time of the original issuance of the 2012 A Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the 2012 A Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the 2012 A Bonds, or (ii) does not materially impair the interests of the Bondholders in the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the District, but which may be selected by the District, or as determined by another party unaffiliated with the District, but which may be selected by the District.

SECTION 7: Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation pursuant to this Disclosure Certificate to update the information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the District's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Certificate by commencing an action for specific performance in a court of competent jurisdiction to compel the District to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the District of its failure to perform, giving reasonable detail of such failure, following which notice the District will have 30 days to perform. Failure by the District to perform its obligations pursuant to this Disclosure Certificate will not be deemed an event of default with respect to the 2012 A Bonds or the Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate is solely for the benefit of the District and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms will have the following meanings:

(a) *"Annual Information"* means the financial information (which shall be based on financial *statements* prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in Appendix B, entitled "Audited Financial Statements for Fiscal Year Ended June 30, 2011," which Annual Financial information shall include Audited Financial Statements if available on the due date set forth herein, and, if not available, unaudited financial statements.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the District will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Certificate occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) *"Audited Financial Statements"* means the audited annual Financial Statements of the State.

(c) *"Bondholder"* means a beneficial owner of a 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the District), with beneficial ownership determined on the basis of ownership for Federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the District.

(d) *"Dissemination Agent"* initially means the District and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

(e) *"District"* means the Berkeley County Public Service District.

(f) *"Filing Date"* means not later than nine months following the end of each Fiscal Year, beginning March 31, 2013.

(g) *"Financial Statements"* means annual financial statements of the State prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(h) *"Fiscal Year"* means each fiscal year of the District, commencing with the fiscal year that began July 1, 2012, and ends on June 30, 2013.

(i) *"Listed Events"* means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

iii) unscheduled draws on debt service reserves reflecting financial difficulties;

iv) unscheduled draws on credit enhancements reflecting financial difficulties;

v) substitution of credit or liquidity providers, or their failure to perform;

vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the 2012 A Bonds, or other material* events affecting the tax status of the 2012 A Bonds;

vii) modifications to rights of holders of the 2012 A Bonds, if material*;

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the 2012 A Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the District;

xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material*.

(j) *"MSRB"* means the Municipal Securities Rulemaking Board.

(k) *"Official Statement"* means the final Official Statement dated December ___, 2012, with respect to the initial offering of the 2012 A Bonds.

(l) *"Participating Underwriter"* means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the 2012 A Bonds, including Ross, Sinclaire & Associates, LLC.

(m) *"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the 2012 A Bonds.

(n) *"State"* means the State of West Virginia.

SECTION 11. Governing Law: Forum. This Disclosure Certificate will be governed by the law of the State. Any action to enforce this Disclosure Certificate against the District may be brought only in a State court located in Berkeley County, West Virginia.

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

Dated: _____ , 2012

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

By:_____
Chairman

NEW ISSUE - FULL BOOK ENTRY

RATING: Moody's: "A3"

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2012 A Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability, and (iii) under the laws of the State of West Virginia, the Series 2012 A Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State of West Virginia and the interest on the Series 2012 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, the Series 2012 A Bonds are either "deemed designated " or have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED)

Dated: Date of Delivery

Due: As shown on inside front cover

The Series 2012 A Bonds (the "Series 2012 A Bonds") shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2012 A Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2012 A Bonds, payments of the principal of and interest on the Series 2012 A Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2012 A BONDS – Book-Entry Bonds" herein). The Series 2012 A Bonds are not subject to redemption prior to maturity as more fully stated herein.

The Series 2012 A Bonds are being issued by Berkeley County Public Service District (the "District") to provide funds, together with other moneys available thereof, (i) to currently refund all of the District's Water Revenue Bonds, Series 2004; (ii) to fund the Series 2012 A Bonds Reserve Account; and (iii) to pay costs of issuance and related costs.

The Series 2012 A Bonds are payable from and secured by the Net Revenues derived from the existing waterworks system of the District and any additions, betterments and improvements thereto and from funds on deposit in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account established therefor. The Series 2012 A Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2012 A Bonds, or any premium or the interest thereon, except from such net revenues and such funds on deposit for the Series 2012 A Bonds. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of, or the premium, if any, or interest on, the Series 2012 A Bonds. The District has no taxing powers.

United Bank, Inc., Charleston, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2012 A Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2013. Principal of the Series 2012 A Bonds is payable annually as set forth on the inside cover page.

The portion of the Series 2012 A Bonds equal to the outstanding par amount of the Series 2004 Bonds is "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code. The District has designated the remaining portion of the Series 2012 A Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

The Series 2012 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by Hoy Shingleton, Esquire, Martinsburg, West Virginia, counsel to the District and by Steptoe & Johnson PLLC, Charleston, West Virginia, as disclosure counsel to the District. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter.

It is expected that the Series 2012 A Bonds will be available for delivery at DTC, New York, New York, on or about December 19, 2012.

R | S | A

Ross, Sinclaire & Associates, LLC

Dated: November 28, 2012

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS,
SERIES 2012 A (BANK QUALIFIED)

MATURITY SCHEDULE

SERIES 2012 A BOND TERMS

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.**
12/01/2013	$585,000	1.000%	100.283%	0.700%	084246 GC5
12/01/2014	$595,000	1.000%	100.192%	0.900%	084246 GD3
12/01/2015	$595,000	1.500%	101.303%	1.050%	084246 GE1
12/01/2016	$575,000	1.500%	101.153%	1.200%	084246 GF8
12/01/2017	$335,000	2.000%	103.101%	1.350%	084246 GG6
12/01/2018	$345,000	2.000%	102.835%	1.500%	084246 GH4
12/01/2019	$705,000	2.000%	101.958%	1.700%	084246 GJ0
12/01/2020	$715,000	2.000%	100.660%	1.910%	084246 GK7
12/01/2021	$735,000	2.000%	99.025%	2.120%	084246 GL5
12/01/2022	$750,000	2.200%	99.026%	2.310%	084246 GM3
12/01/2023	$760,000	2.300%	98.566%	2.450%	084246 GN1
12/01/2024	$730,000	2.375%	98.714%	2.500%	084246 GP6

** CUSIP data on this cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Bonds only at the time of issuance of the Notes and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds.

THE SERIES 2012 A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN.

The information set forth herein has been obtained from the District, public documents, records and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the District.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District, since the date hereof.

Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not be construed as representations of facts. This Official Statement is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

Page No.

INTRODUCTION 1
SOURCES AND USES OF FUNDS 3
THE SERIES 2012 A BONDS 3
SECURITY FOR THE SERIES 2012 A BONDS 5
THE SYSTEM 8
INVESTMENT CONSIDERATIONS 18
STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES 21
LITIGATION 22
LEGAL MATTERS 22
TAX MATTERS 22
UNDERWRITING 25
ACCOUNTANT'S CALCULATIONS 25
FINANCIAL STATEMENTS OF THE DISTRICT 25
CONTINUING DISCLOSURE 25
RATING 26
MISCELLANEOUS 26

Appendices:

Appendix A - Berkeley County, West Virginia Demographic Information
Appendix B - Audited Financial Statement for Fiscal Year Ended June 30, 2012
Appendix C - Proposed Form of Bond Counsel Opinion
Appendix D - Form of the Resolution
Appendix E - Form of Continuing Disclosure Certificate

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

PUBLIC SERVICE BOARD

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

ADMINISTRATION

Paul S. Fisher, Executive Director

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Hoy Shingleton, Jr., Esquire
Martinsburg, West Virginia

FINANCIAL ADVISOR

Southwest Securities Inc.
Lexington, Kentucky

UNDERWRITER

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

DISCLOSURE COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

OFFICIAL STATEMENT
relating to

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS,
SERIES 2012 A (BANK QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Berkeley County Public Service District (the "District"), the District's waterworks system hereinafter described and defined and the District's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"). The Series 2012 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a bond resolution and supplemental resolution adopted by the Board of the District on November 26, 2012 (collectively, the "Resolution").

The Series 2012 A Bonds are being issued to (i) to currently refund all of the District's Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (ii) to fund the Series 2012 A Bonds Reserve Account; and (iii) to pay costs of issuance of the Series 2012 A Bonds and related costs.

In addition to the Series 2004 Bonds the District currently has outstanding (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, hereinafter called the "Prior Bonds"). The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

The Series 2012 A Bonds are payable from and secured by the Net Revenues (as defined in the Resolution) derived from the System on a parity with or senior to the Prior Bonds and from funds on deposit in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account.

There are outstanding obligations of the District which are designated and have lien positions with respect to the Capacity Improvement Fees of the District as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the System, the proceeds of the bonds to be subsequently issued by the District to permanently finance the improvements paid for with the proceeds of the Prior Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the District. **The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System.** The current status of the Capacity Improvement Fees is discussed herein. See "STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES."

The Series 2012 A Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2012 A Bonds, or any premium (if any), or the interest thereon, except from such Net Revenues and such funds on deposit for the Series 2012 A Bonds. Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Net Revenues equal to at least 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from Net Revenues on a parity with the Series 2012 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 A BONDS - Rate Covenant."

The District may issue additional bonds on a parity with the Series 2012 A Bonds and the Prior Bonds for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any outstanding Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution or the Prior Resolutions (the Series 2012 A Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2012 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2012 A Bonds, the Resolution, the refunding of the Series 2004 Bonds, the System, the District, continuing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Supplemental Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2012 A Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Resolution.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Series 2012 A Bonds	$7,425,000.00
Reoffering Premium	22,915.50
Transfers from Prior Issue Debt Service Funds	71,417.92
Transfers from Prior Issue Debt Service Reserve Funds	780,625.91
TOTAL	**$8,299,959.33**
Uses of Funds	
Original Issue Discount	$1,800.40
Total Underwriter's Discount	40,375.00
Cost of Issuance	134,653.26
Deposit to Debt Service Reserve Fund	742,500.00
Refund Series 2004 Bonds	7,380,630.67
TOTAL	**$8,299,959.33**

THE SERIES 2012 A BONDS

General

Interest on the Series 2012 A Bonds will accrue from the date of delivery and will be payable June 1, 2013 and semi-annually thereafter (each December 1 and June 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Book-Entry Bonds

The Series 2012 A Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2012 A Bonds will not receive certificates representing their interests in the Series 2012 A Bonds purchased.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Optional Redemption

The Series 2012 A Bonds are not subject to optional redemption prior to maturity.

SECURITY FOR THE SERIES 2012 A BONDS

The Series 2012 A Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2012 A Bonds except from said sources. The District has no taxing powers.

Sources of Payment

The payment of the debt service on the Series 2012 A Bonds shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the owners of the Prior Bonds (except the Series 1993 C Bonds), and senior and prior to the lien on such Net Revenues in favor of the owners of the Series 1993 C Bonds. Such Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2012 A Bonds and the Prior Bonds and to make all other payments provided for in the Resolution, are irrevocably pledged to such payments as they become due.

Rate Covenant

The District covenants and agrees in the Resolution that the schedule of rates and charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 A Bonds, including the Prior Bonds.

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

Reserve Account

Pursuant to the Resolution, there will be established with the Commission the Series 2012 A Bonds Reserve Account in an amount equal to the Series 2012 A Bonds Reserve Requirement. The "Series 2012 A Bonds Reserve Requirement" is defined under the Resolution as the lesser of (i) 10% of the original stated principal amount of the Series 2012 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 A Bonds. Moneys in the Series 2012 A Bonds Reserve Account shall be used only to pay principal of and interest on the Series 2012 A Bonds as due, when amounts in the Series 2012 A Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2012 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 A Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2012 A Bonds Reserve Account which have the effect of reducing the assets therein below the reserve requirement, first from the Net Revenues and then from the Renewal and Replacement Fund after all other required payments to the Sinking Funds for the Series 2012 A Bonds and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

Renewal and Replacement Fund

The District is required to transfer from the Revenue Fund to the Renewal and Replacement Fund a sum equal to 2 ½% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. Withdrawals and disbursements from the Renewal and Replacement Fund may be made for: (a) paying costs of replacements, repairs, improvements or extensions to the System or (b) making up any deficiency in any Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a state banking corporation or national banking association selected by the District (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) next, remit to the Commission (i) the amounts required by the Prior Resolutions for deposit to the Sinking Funds of the Prior Bonds for payment of interest, if any, on and principal of the Prior Bonds, (ii) for monthly deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing semiannual interest payment date, and (iii) for monthly deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2012 A Bonds on the next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the District shall make equal monthly payments into the Sinking Funds in an amount which shall be reduced by any earnings credited to the Sinking Funds, if any, will be sufficient to pay principal and interest

due on the first principal and interest date); (3) next, remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts of the Prior Bonds, and then for restoration of any deficiency in the funding of the Series 2012 A Bonds Reserve Account; and (4) next, for monthly transfer to the Renewal and Replacement Fund, a sum equal to 2 ½% of Gross Revenues each month, exclusive of any payments for account of any Reserve Account. As described under "Sources of Payment" above, the Series 2012 A Bonds and the Prior Bonds (except the Series 1993 C Bonds, which have a junior lien) are secured by a first parity lien on the Net Revenues of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia (the "PSC") and other laws of the State. Under the Act, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The District further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on a parity with the Series 2012 A Bonds (limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable) with respect to the Prior Bonds lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "Parity Bonds") for the following purposes and under the following conditions:

No such Parity Bonds shall be issued except for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any outstanding Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution or the Prior Resolutions.

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

A. The Bonds then Outstanding;

B. Any Parity Bonds theretofore issued pursuant to the provisions contained in the Resolution then Outstanding; and

C. The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds

and any increase in rates adopted by the District and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

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

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

THE SYSTEM

History and Development

The District was created by The County Commission of Berkeley County (the "County Commission") in 1954 to provide water service to designated unincorporated areas of Berkeley County. In 2000, the County Commission merged Hedgesville Public Service District and Opequon Public Service District into the District. The merger expanded the District's service area to include the entire County, except several small local private systems. Such merger was approved by the PSC in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

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

The District's water supply is provided by the Potomac River, LeFever and Ben Speck Springs, Baker Lakes, Springdale, Morning Dove and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,368,166 gallons daily with a maximum of 4,000,000

maintenance and administration of the District, and holds a Bachelor of Science in Mineral Economics from Pennsylvania State University. In addition to the Executive Director, the Board has 50 full-time employees and 2 part-time employees.

Hoy Shingleton, Esquire, Martinsburg, West Virginia, provides legal services and CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, provides accounting services for the District. Engineering services are obtained by the District as needed for project development and construction.

Summary of Capital Improvement Plan

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

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

[The remainder of this page is left intentionally blank]

Customer Statistics

The table and chart below depict the customer base of the District for the last 5 fiscal years.

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

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

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

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

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

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

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

** Gallons are in thousands per year.*

Source: Berkeley County Public Service District; PSC Reports

Rates

Pursuant to the Act, rates and charges are set by the Public Service Commission of West Virginia for the use of and the service rendered by the System sufficient for the payment of sums required to be paid into the various sinking funds and to provide for the repair, replacement, maintenance and operation of the System.

Current Rates

The table below lists the current water rates for General Domestic, Commercial and Industrial Customers:

First	2,000 Gallons Used per Month	$8.95 per 1,000 Gallons
Next	88,000 Gallons Used per	$5.80 per 1,000 Gallons
Over	90,000 Gallons Used per	$4.10 Per 1,000 Gallons

Minimum Charge

5/8 Inch Meter	$17.90	Per Month
1 Inch Meter	$44.75	Per Month
1 ½ Inch Meter	$89.50	Per Month
2 Inch Meter	$143.20	Per Month
3 Inch Meter	$268.50	Per Month
4 Inch Meter	$447.50	Per Month
6 Inch Meter	$895.00	Per Month
8 Inch Meter	$1,432.00	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $127.73 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $127.73 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $73.86 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%)

Reconnection Fee: Twenty dollars ($20.00)

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.4896 per 1,000 gallons

Returned Check Charge: $25.00

The table below lists the water rates for General Domestic, Commercial and Industrial Customers, which will go into effect when current construction projects are completed, anticipated to occur in the spring of 2013:

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

Minimum Charge

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

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

Hose Connections for fire use only $74.38 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%)

Reconnection Fee: Twenty dollars ($20.00)

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.68 per 1,000 gallons

Returned Check Charge: $25.00

Billing and Collections

The District bills each customer monthly, based on the actual water meter reading for the previous month. Payments are accepted for twenty days after the billing date before a late penalty of 10% is added. If bills are not paid within thirty days, water shutoff procedures are commenced. Water service is not restored until the account is settled in full.

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

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

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

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2012 A BONDS -- Enforcement of Collections" herein.

System Budget and Expenditure

An operating budget is prepared annually by the Executive Director and is required by the Act to be submitted to the Board no later than 45 days before the new fiscal year begins. The budget is compared to actual year-to-date revenues and expenditures monthly.

Method of Accounting

The District maintains its accounts on an accrual basis and prepares its financial statements in accordance with generally accepted accounting principles. CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, audited the records of the District for the fiscal years ended June 30, 2012 (See "Appendix B - Audited Financial Statement for Fiscal Year Ended June 30, 2012.")

Retirement System

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, ("PERS").

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their highest three-year average salary in the past 10 years times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The District's covered payroll amounted to $2,088,564 for the year ended June 30, 2012.

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

Summary of Historical Revenues and Expenses

The table below lists the net income of the District for the last 3 fiscal years as filed with the PSC.

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

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

Annual Debt Service Requirements

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

Debt Service for Series 2012 A Bonds

FY Ending June 30	Principal Portion	Interest Portion	LESS: Reserve Account	Total Payments
2013		$61,815.38		$61,815.38
2014	$585,000.00	$134,442.50		$719,442.50
2015	$595,000.00	$128,542.50		$723,542.50
2016	$595,000.00	$121,105.00		$716,105.00
2017	$575,000.00	$112,330.00		$687,330.00
2018	$335,000.00	$104,667.50		$439,667.50
2019	$345,000.00	$97,867.50		$442,867.50
2020	$705,000.00	$87,367.50		$792,367.50
2021	$715,000.00	$73,167.50		$788,167.50
2022	$735,000.00	$58,667.50		$793,667.50
2023	$750,000.00	$43,067.50		$793,067.50
2024	$760,000.00	$26,077.50		$786,077.50
2025	$730,000.00	$8,668.75	($742,500.00)	($3,831.25)
Totals	$7,425,000.00	$1,057,786.63	($742,500.00)	$7,740,286.63

Total Cumulative Debt Service

FY Ending June 30	Series 2012 A Payments	Principal Portion	Interest Portion	LESS: Reserve Account	Total Payments
2012		$1,261,136	$2,373,802	$0	$3,634,938
2013	$61,815	$1,305,430	$2,177,024	$0	$3,544,269
2014	$719,442	$875,925	$1,984,585	$0	$3,579,952
2015	$723,543	$912,697	$1,945,042	$0	$3,581,282
2016	$716,105	$960,829	$1,902,922	$0	$3,579,856
2017	$687,330	$1,035,405	$1,857,556	$0	$3,580,291
2018	$439,667	$1,336,518	$1,805,489	$0	$3,581,674
2019	$442,868	$1,394,262	$1,746,569	$0	$3,583,699
2020	$792,367	$1,113,748	$1,688,070	($173,666)	$3,420,519
2021	$788,168	$1,010,081	$1,634,054	$0	$3,432,303
2022	$793,667	$1,058,380	$1,580,530	$0	$3,432,577
2023	$793,068	$1,113,771	$1,524,010	$0	$3,430,849
2024	$786,077	$1,376,389	$1,459,846	($194,990)	$3,427,322
2025	($3,831)	$2,041,385	$1,376,030	$0	$3,413,584
2026		$2,149,140	$1,276,272	$0	$3,425,412
2027		$2,249,087	$1,170,942	$0	$3,420,029
2028		$2,356,375	$1,059,476	$0	$3,415,851
2029		$2,476,159	$941,878	($712,081)	$2,705,956
2030		$1,618,610	$839,234	$0	$2,457,844
2031		$1,703,904	$752,333	$0	$2,456,237
2032		$1,842,234	$659,362	($43,799)	$2,457,797
2033		$2,648,723	$560,579	($751,218)	$2,458,084
2034		$2,037,957	$418,301	$0	$2,456,258
2035		$2,130,554	$327,751	$0	$2,458,305
2036		$2,268,602	$231,841	($46,714)	$2,453,729
2037		$2,325,415	$131,773	$0	$2,457,188
2038		$1,541,529	$47,706	$0	$1,589,235
2039		$117,997	$10,663	$0	$128,660
2040		$124,841	$3,620	($132,083)	($3,622)
Totals	$7,740,286	$44,387,084	$33,487,259	($2,054,551)	$83,560,078

Note: Excludes Series 2004 Bonds to be Refunded.

Coverage Ratios

Under the Resolution, the District has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2012 A Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 A BONDS -- Rate Covenant" herein.

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

The revenues generated by the current rates will be sufficient, in the opinion of the District's accountants, CoxHollidaPrice LLP, to produce revenues sufficient to pay the costs of operating and maintaining the System and funding the debt service on the Series 2012 A Bonds and the Prior Bonds.

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

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

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

INVESTMENT CONSIDERATIONS

The Public Service Commission of West Virginia

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

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

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

Commission Regulatory Oversight of Rate Increases

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

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

Potential Delays in Effective Date of Rates

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

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

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

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

Test Year

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

Reliance on "Known and Measurable" Adjustments

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

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

Emergency Rate Increase

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

Treatment of Renewal and Replacement Funds

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

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

STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES

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

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

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

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

On May 9, 2012, the Commission entered an order in Case No. 09-0961-PSWD-GI (the "Order") discontinuing the District's Capacity Improvement Fee. The Commission determined that the District did not demonstrate that the District's capacity will be depleted within seven years or less. The Order specifically rejected any "refund" of the Capacity Improvement Fees collected prior to the date of entry of the Order. In the Order, the Commission specifically recognized that the discontinuance of the Capacity Improvement Fees "may necessitate the filing of rate proceeding(s) by the District." The District is planning to file a request for a rate increase sufficient to make the remaining payments on the Series 2007 Notes, and to issue long-term debt obligations to pay the Series 2007 Notes in full prior to the maturity thereof.

On September 5, 2012, Larry V. Faircloth Realty, Inc. ("Faircloth"), a party to Case No. 09-0961-PSWD-GI, appealed the Order to the Supreme Court of Appeals of West Virginia. Faircloth primarily argues that the Commission erred by (i) concluding that the Commission has jurisdiction to establish a capacity improvement fee, and (ii) establishing May 9, 2012 as the date the District was unable to meet the Commission's test for the establishment of a capacity improvement fee. In relief, Faircloth requests, among other things, that the court (i) find that the Commission has no authority to authorize the collection of a capacity improvement fee, (ii) order the District to refund the Capacity Improvement Fees Faircloth has paid

since 2004, or, in the alternative, since February 27, 2009, and (iii) award it reasonable attorney fees and costs associated with the underlying Commission matter.

On October 30, 2012, the District responded to Faircloth's petition for appeal. In response, the District argues that various statutory provisions authorize the Commission to establish a capacity improvement fee. More specifically, the District argues that numerous provisions of Chapter 24, Article 2 of the West Virginia Code and West Virginia Code Section 16-13-9 authorize the Commission to establish and approve a capacity improvement fee. The District also points out that the Commission routinely authorizes of a fee (*e.g.*, late payment fee, tap fee, bad check fee, disconnect fee, reconnect fee), and that a capacity improvement fee does not meet West Virginia's definition of a tax. In response to Faircloth's request for a refund of Capacity Improvement Fees, the District asserts that the discontinuance of the Capacity Improvement Fee is prospective only. In support, the District argues that West Virginia Code Section 24-2-3 does not allow for retroactive changes to utility rates, and that West Virginia case law confirms this. Finally, the District asserts that Faircloth's appeal is not timely; therefore, the court should reject the appeal. The District argues that Faircloth should have filed its appeal of the Order no later than June 8, 2012.

Faircloth's reply brief is due November 14, 2012, and the matter is set for oral argument before the West Virginia Supreme Court of Appeals on January 16, 2013.

LITIGATION

Except as discussed with respect to the Capacity Improvement Fees herein, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2012 A Bonds, the Resolution, or any agreement to which the District is a party and which is a part of the issuance of the Series 2012 A Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2012 A Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Martinsburg, West Virginia, and by Steptoe & Johnson PLLC, Charleston, West Virginia, as disclosure counsel to the District. Certain legal matters will be passed upon for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, based on existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Resolution and other documents pertaining to the Series 2012 A Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Series 2012 A Bonds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 A Bonds is not includable in the gross income of the owners of the Series 2012 A Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Series 2012 A Bonds to be included in gross income retroactively to the date of issuance of the Series 2012 A Bonds.

In the further opinion of Bond Counsel, interest on the Series 2012 A Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Series 2012 A Bonds, however, is included as an adjustment in the calculation

of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel express no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Series 2012 A Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Resolution or in other documents pertaining to the Series 2012 A Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel express no opinion as to the effect of any change to any document pertaining to the Series 2012 A Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Steptoe & Johnson PLLC, or in reliance upon the advice of counsel other than Steptoe & Johnson PLLC, with respect to the exclusion from gross income of the interest on the Series 2012 A Bonds for federal income tax purposes.

Bank Qualification

Pursuant to Section 265(b)(3)(D)(ii) of the Code, the portion of the Series 2012 A Bonds equal to the outstanding paramount of the Series 2004 Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2012 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. The remaining portion of the Series 2012 A Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Original Issue Discount

The initial public offering price of certain of the Series 2012 A Bonds (the "Discount Series 2012 A Bonds") is less than the principal amount of the Discount Series 2012 A Bonds. The difference between the principal amount of a Discount Series 2012 A Bond and its initial public offering price is original issue discount. Original issue discount on a Discount Series 2012 A Bond accrues over the term of such Discount Series 2012 A Bond at a constant interest rate. To the extent it has accrued, original issue discount on a Discount Series 2012 A Bond is treated as interest excludable from gross income for federal income tax purposes under the conditions and limitations described above. The amount of original issue discount that accrues on a Discount Series 2012 A Bond in each year is not an item of tax preference for purposes of calculating federal alternative minimum taxable income, but is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. Additionally, such accrued original issue discount is taken into account in determining the distribution requirements of certain regulated investment companies. Consequently, owners of Discount Series 2012 A Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner may not have received cash in such year.

The accrual of original issue discount on a Discount Series 2012 A Bond will increase the owner's adjusted basis in such Discount Series 2012 A Bond. This will affect the amount of taxable gain or loss realized by the owner of the Discount Series 2012 A Bond upon the redemption, prepayment, sale or other disposition of such Discount Series 2012 A Bond. The effect of the accrual of original issue discount on the federal income tax consequences of a redemption, prepayment, sale or other disposition of a Discount Series

2012 A Bond that is not purchased at the initial public offering price may be determined according to rules that differ from those described above. Owners of Discount Series 2012 A Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of original issue discount that properly accrues with respect to the Discount Series 2012 A Bonds, other federal income tax consequences of owning and disposing of the Discount Series 2012 A Bonds and any state and local tax consequences of owning and disposing of the Discount Series 2012 A Bonds.

Original Issue Premium

The excess, if any, of the tax adjusted basis of Series 2012 A Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Tax-Exempt Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Series 2012 A Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of Series 2012 A Bonds with bond premium are required to decrease their adjusted basis in such Series 2012 A Bonds by the amount of amortizable bond premium attributable to each taxable year such Series 2012 A Bonds are held. The amortizable bond premium on such Series 2012 A Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to the interest received on such Series 2012 A Bonds. Owners of such Series 2012 A Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such Series 2012 A Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2012 A Bonds.

Information Reporting and Backup Withholding

Interest paid on the Series 2012 A Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2012 A Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, under the laws of the State of West Virginia, the Series 2012 A Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State of West Virginia and the interest on the Series 2012 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2012 A Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the Series 2012 A Bonds. Prospective purchasers of the Series 2012 A Bonds should consult their tax advisors regarding any

future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

UNDERWRITING

The Underwriter, has agreed, subject to certain conditions, to purchase the Series 2012 A Bonds from the District at a price of $7,405,740.10 which reflects the par amount of the Series 2012 A Bonds, less an Underwriter's discount of $40,375.00 and plus a net reoffering premium of $21,115.10. The Underwriter will be obligated to purchase all of the Series 2012 A Bonds if any are purchased. The Series 2012 A Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

ACCOUNTANT'S CALCULATIONS

CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, independent certified public accountants, will certify the coverage requirement and parity test requirement.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix B is the audited financial statement (and reports with respect thereto) of the District as of June 30, 2012, prepared by CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia. The financial statement has been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting.

CoxHollidaPrice LLP has consented to the inclusion of the Berkeley County Public Service District Financial Statements for years ended June 30, 2012 in this offering document.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the owners and beneficial owners of the Series 2012 A Bonds, under a Continuing Disclosure Certificate dated as of the Closing Date, to provide certain financial information and operating data (an "Annual Report") not later than nine months following the end of its Fiscal Year (presently June 30), beginning on March 31, 2013, with the report for Fiscal Year 2011-12, and to promptly provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate ("Listed Events").

The District will file the Annual Report and any notice of Listed Events as described in the Continuing Disclosure Certificate. The specific nature of the information to be contained in the Annual Report or the notices of Listed Events is set forth in the Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The form of the Continuing Disclosure Certificate is attached to this Official Statement as APPENDIX E.

While the District entered into various undertakings with respect to all publicly issued Prior Bonds, it did not employ a dissemination agent. Although the District provided annual financial information to national repositories for all public issued Prior Bonds, such filings were not always timely. The District failed to send the audited financial statements to EMMA commencing July 1, 2009. Audits for the fiscal years ending June 30, 2003, June 30, 2004, June 30, 2005, June 30, 2006, June 30, 2007, June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011 and June 30, 2012 were recently filed with EMMA. The District has implemented a new internal policy to ensure the timely filing of audited financial statements with EMMA.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of "A3" with respect to the Series 2012 A Bonds. Any desired explanation of the significance of such ratings should be obtained from Moody's. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the Berkeley County Public Service District to Moody's. Generally, Moody's bases its rating on the information and materials so furnished and on its investigation, studies and assumptions. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the owners of the Series 2012 A Bonds any proposed revision or withdrawal of the rating of the Series 2012 A Bonds or to oppose any such proposed revision or withdrawal. Any such changes in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2012 A Bonds to which such change or withdrawal relates.

MISCELLANEOUS

References made in this Official Statement to certain documents and reports are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

The appendices to this Official Statement are integral parts of this Official Statement. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision. The execution and distribution of this Official Statement has been duly authorized by the District.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: /s/ Gregory Rhoe
Chairman

Appendix A

BERKELEY COUNTY, WEST VIRGINIA
DEMOGRAPHIC INFORMATION

Appendix A
BERKELEY COUNTY, WEST VIRGINIA

Berkeley County Public Service Water District is located in Berkeley County, West Virginia. The County seat, Martinsburg, is known as the "Gateway to the Shenandoah Valley." Berkeley County is located just 90 minutes from the Washington, D.C./Baltimore, Maryland area. It is bounded in the north by the Potomac River and Washington County, Maryland; on the east by Jefferson County, West Virginia; on the south by Frederick County, Virginia; and on the west by Hardy and Morgan Counties of West Virginia.

In the fall of 1992, the U.S. Census Bureau included Berkeley County as part of the Washington, D.C./Baltimore, Maryland Standard Metropolitan Statistical Area. Berkeley County's proximity to this metropolitan area is the driving force behind the growth experienced by the Easter Panhandle and the County. The transportation access, Interstate 81, West Virginia Route 9 and the MARC train, have aided in making the area a prime location for business, industry and commuters. Major industries in the Berkeley County today include General Motors, Quad Graphics, Quad Baker Road, Plygem, Ecolab and Essroc.

The 2011 estimated population of Berkeley County is approximately 105,750 people. Berkeley County experienced a 27.1% population growth between 2000 and 2010. Below is a table representing Berkeley County's population and percentage of change from 1993 through July 1, 2010.

Population Year	Population Amount	Percentage Change
2011	105,750	1.52%
2010	104,169	.30%
2009	103,854	2.14%
2008	101,629	1.86%
2007	99,734	2.26%
2006	97,534	4.55%
2005	93,286	4.55%
2004	89,228	4.57%
2003	85,330	4.81%
2002	81,414	3.44%
2001	78,708	3.69%
2000	75,905	4.20%
1999	72,846	2.57%
1998	71,021	2.85%
1997	69,053	1.82%
1996	67,822	2.11%
1995	66,421	1.80%
1994	65,245	1.99%
1993	63,971	1.99%

Source: U.S. Census Bureau

Major communities within reasonable traveling distance of Berkeley County include:

Community Name	Approximate Distance (miles)
Washington, D.C.	80
Baltimore, MD	90
Hagerstown, MD	18
New York, NY	264
Philadelphia, PA	180
Harrisburg, PA	93
Richmond, VA	180
Winchester, VA	22

[The Remainder of This Page is Intentionally Left Blank.]

The following table represents the current labor force and employment data for Berkeley County and the state of West Virginia:

Calendar Year	Area	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
2011	Berkeley County	45,410	41,810	3,600	7.9%
	West Virginia	799,900	736,100	63,800	8.0%
2010	Berkeley County	44,740	40,500	4,240	9.5%
	West Virginia	782,300	711,100	71,300	9.1%
2009	Berkeley County	45,570	41,700	3,870	8.5%
	West Virginia	797,900	734,600	63,400	7.9%
2008	Berkeley County	46,000	43,880	2,130	4.6%
	West Virginia	808,500	774,100	34,400	4.3%
2007	Berkeley County	46,410	44,670	1,740	3.7%
	West Virginia	818,200	785,300	32,900	4.00%
2006	Berkeley County	44,520	42,640	1,880	4.20%
	West Virginia	807,000	767,100	39,900	4.90%
2005	Berkeley County	43,909	41,530	1,790	4.70%
	West Virginia	800,400	760,600	39,700	5.00%
2004	Berkeley County	41,030	39,330	1,700	4.20%
	West Virginia	790,900	749,000	41,900	5.30%
2003	Berkeley County	37,950	36,160	1,790	4.70%
	West Virginia	787,000	739,000	48,000	6.10%
2002	Berkeley County	37,870	35,980	1,800	5.00%
	West Virginia	804,000	755,000	49,000	6.10%
2001	Berkeley County	38,290	36,880	1,410	3.70%
	West Virginia	821,000	781,000	40,000	4.80%
2000	Berkeley County	36,680	35,590	1,090	3.00%
	West Virginia	809,000	765,000	45,000	5.50%

Source: West Virginia Bureau of Employment Programs

The table below lists the largest employers of Berkeley County, West Virginia:

Employer	Number of Employees
Berkeley County Schools	2,300
Veterans Administration Center	1,569
West Virginia Air National Guard	1,230
Enterprise Computing Center	900
WVU Hospital East	900
Quad/Graphics, Inc.	850
Bureau of Alcohol, Tobacco & Firearms	614
U.S. Coast Guard Operations System Center	535
Regional Education Service Agency VIII	450
U.S. Coast Guard National Maritime Center	378

Source: Berkeley County Development Authority, January 2012

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

[Date of Delivery]

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

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (West Virginia) (the "Issuer") of its $7,425,000 in aggregate principal amount Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds").

The Series 2012 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on November 26, 2012, as supplemented (the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2012 A Bonds are issued for the purposes of (i) to refund all or a portion of the District's Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (ii) funding the reserve account for the Series 2012 A Bonds; and (iii) paying the costs of issuance of the Series 2012 A Bonds and other costs in connection with such financing.

The Series 2012 A Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated November 28, 2012, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax Certificate and the Continuing Disclosure Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 A Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Certificate and the Purchase Agreement,

perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 A Bonds, all under the provisions of the Act and other applicable provisions of law.

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

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

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

5. The Issuer has designated the Series 2012 A Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

7. The Series 2012 A Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993; (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993; (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996; (iv) Water Revenue Bonds, Series 1997, dated June 25, 1997; (v) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001; (vi) (vi) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003; (vii) Water Refunding Revenue Bonds, Series 2003 C, dated May 15, 2003; (viii) Water Revenue Bonds, Series 2004, dated December 30, 2004; (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006; (x) Water Revenue Bonds, Series 2007, dated December 21, 2007; (xi) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008; and (xiii) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009 (collectively, the "First Lien Bonds"), and senior and prior to the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993 (the "Second Lien Bonds"), all in accordance with the terms of the Series 2012 A Bonds and the Resolution.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

[Form of the Resolution]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 2004 BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's refunding of its outstanding Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the inhabitants of Berkeley County Public Service District and other users of the System to currently refund its outstanding Series 2004 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2004 Bonds should be financed with the proceeds from the issuance of the Water Refunding Revenue Bonds, Series 2012 A, in the original aggregate principal amount of not more than $8,000,00 (the "Series 2012 A Bonds"), such Series 2012 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System; and

WHEREAS, in addition to the Series 2004 Bonds, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, the District anticipates selling its Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds") on December 13, 2012 and expects to close on the Series 2012 B Bonds on December 20, 2012. The Prior Issued Bonds together with the Series 2012 B Bonds are collectively referred to herein as the "Prior Bonds."

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

There are outstanding obligations of the Issuer which are designated and have lien positions with respect to the Capacity Improvement Fees of the Issuer as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the improvements paid for with the proceeds of the Prior Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the Issuer. The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System. The current status of the Capacity Improvement Fees is discussed herein.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2012 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2012 A Bonds.

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

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

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

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

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

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

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

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

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 A Bonds in substantially the form set forth in EXHIBIT A - SERIES 2012 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 2012 A Bonds for the proceeds representing the original purchase prices thereof.

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

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

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

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

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

"DTC-eligible" means, with respect to the Series 2012 A Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

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

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

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

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

"Independent Certified Public Accountant" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an

independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

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

"Net Proceeds" means the face amount of the Series 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2012 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

"Outstanding," when used with reference to the Series 2012 A Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

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

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

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

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

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

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

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

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

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

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

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

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

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

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

C. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2012, in the total aggregate principal amount of not more than $8,000,000 to pay all or a portion of the Series 2004 Bonds. The proceeds of the Series 2012 A Bonds may also be applied to funding the Series 2012 A Bonds Reserve Account and the payment of underwriter's discount; legal expenses; expenses for estimates of costs and revenues; administrative expense; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs

prior to the issuance of the Series 2012 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

D. It is in the best interests of the Issuer that the Series 2012 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

E. The Series 2012 A Bonds shall be issued on a parity with one another and the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds set forth in the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2012 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; and (ii) where necessary, the written consent of the Holders of the First Lien Bonds and the Second Lien Bonds to the issuance of the Series 2012 A Bonds on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

F. The Series 2012 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A - Series 2012 A Bond FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

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

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

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2012 A Bonds and the refunding of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 A Bonds or such final order will not be subject to appeal or rehearing.

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

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 2004 Bonds Outstanding as of the date of issuance of the Series 2012 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 2004 Bonds imposed by the Prior Resolution authorizing the issuance of the Series 2004 Bonds, the monies in the funds and accounts created by the Prior Resolutions pledged to payment of the Series 2004 Bonds, and any other funds pledged by the Prior Resolutions to payment of the Series 2004 Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2004 Bonds. Contemporaneously with the payment in full of the Series 2004 Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2004 Bonds, shall be released from the lien created by the Prior Resolution authorizing the issuance of the Series 2004 Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2012 A Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Series 2012 A Bonds issued pursuant to this Resolution may be issued only as fully registered Series 2012 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2012 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 A Bonds shall be in default, Series 2012 A Bonds issued in exchange for Series 2012 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 A Bonds shall be paid by check or draft made payable and mailed to the Registered Owner thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Registered Owner thereof, another Series 2012 A Bond in the principal amount of said Series 2012 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 A Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2012 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2012 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2012 A Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2012 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 A Bonds issued hereunder.

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

So long as any of the Series 2012 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 A Bonds. Series 2012 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 A Bond, there shall be issued at the option of the Holder or the transferee another Series 2012 A Bond of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2012 A Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 A Bonds may at the option of the Holder thereof be

exchanged for an equal aggregate principal amount of Series 2012 A Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2012 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2012 A Bonds, the initial exchange of Series 2012 A Bonds and exchanges of Series 2012 A Bonds in the event of partial redemption of fully registered Series 2012 A Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2012 A Bond of like series, maturity and principal amount as the Series 2012 A Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2012 A Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2012 A Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 A Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2012 A Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2012 A Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2012 A Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2012 A Bonds be at any time found by any one, and such duplicate Series 2012 A Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 A Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2012 A Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 A Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2012 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to Original Purchaser and the registered owner of the Series 2012 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2012 A Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

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

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2012 A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2012 A Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2012 A Bonds.

If funds sufficient to redeem all Series 2012 A Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 A Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 A Bonds or portions of Series 2012 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 A Bonds or portions of Series 2012 A Bonds shall cease to bear interest. Upon surrender of such Series 2012 A Bonds for redemption in accordance with said notice, such Series 2012 A Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2012 A Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2012 A Bond. All Series 2012 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 A Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2012 A Bonds for which there was no such failure.

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

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

Section 3.10. Authorization of Bonds. For the purposes of paying all or a portion of the Series 2004 Bonds, funding the Series 2012 A Bonds Reserve Account, and paying costs of issuance in connection therewith, there shall be issued the Series 2012 A Bonds of the Issuer, in an aggregate principal amount of not more than $8,000,000. The Series 2012 shall be designated "Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2012 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2012 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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

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

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 A Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 A Bonds, selecting the Series 2012 A Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2012 A Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 A Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 A Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 A Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 A Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

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

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

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

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

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

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

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

Section 3.13. Form of Bonds. The definitive Series 2012 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2012 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 2012 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2012 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

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

3. An amount of the proceeds of the Series 2012 A Bonds which shall be sufficient to pay the costs of issuance of the Series 2012 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 A Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code.

4. An amount of Series 2012 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2012 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay

costs of issuance of the Series 2012 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2012 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 A Bonds from which such proceeds are derived.

Section 3.15. Designation of Series 2012 A Bonds as "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(D)(ii) of the Code, the portion of the Series 2012 A Bonds equal to the outstanding paramount of the Series 2004 Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2012 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. The remaining portion of the Series 2012 A Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and the Issuer covenants that the Series 2012 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and the Issuer reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2012 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2012 A Bonds Costs of Issuance Fund; and

(4) Rebate Fund.

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

(1) Series 2012 A Bonds Sinking Fund;

(2) Series 2012 A Bonds Reserve Account; and

(3) Series 2012 A Bonds 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:

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; and (ii) commencing 6 months prior to the first interest payment date on the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 A Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, and in the Series 2012 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2012 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory

Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2012 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 A Bonds Reserve Account below the Series 2012 A Bonds Reserve Requirement or any withdrawal from the Series 2012 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2012 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2012 A Bonds Reserve Account is less than the Series 2012 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2012 A Bonds Reserve Account for deposit into the Series 2012 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 A Bonds Reserve Account to an amount equal to the Series 2012 A Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2012 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 A Bonds Reserve Requirement.

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

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

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

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

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

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

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

The Issuer shall restore any withdrawals from the Series 2012 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2012 A Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2012 A Bonds, senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

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

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

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

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

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

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

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2012 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to annually transfer from the Series 2012 A Bonds Reserve Account, pro rata, to the Series 2012 A Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess

of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2012 A Bonds Reserve Account an amount at least equal to the Series 2012 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 A Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 A Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2012 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 A Bonds in such manner and to such extent as may be necessary, so that the Series 2012 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2012 A Bonds) so that the interest on the Series 2012 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2012 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such

reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2012 A Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2012 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 A Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2012 A Bonds Sinking Fund and all accounts therein, or the unexpended proceeds of the Series 2012 A Bonds, all as herein provided. No Holder or Holders of the Series 2012 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 A Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2012 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Prior Bonds and the Series 2012 A Bonds herein authorized, and to make the payments into the Series 2012 A Bonds Sinking Fund, the Series 2012 A Bonds Reserve Account, and all other payments provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2012 A Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2012 A Bonds, including the First Lien Bonds and the Second Lien Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate order.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, within sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Resolution.

The Issuer will obtain all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia necessary for the issuance of the Series 2012 a Bonds and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2012 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 A Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2012 A Bonds Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2012 A Bonds. Any balance remaining after the payment of the Series 2012 A Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined

in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $500,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $500,000 but not in excess of $1,000,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $500,000 and not in excess of $1,000,000, shall with the written consent of the Authority, be remitted by the Issuer to the Bond Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise into the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $1,000,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 A Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2012 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2012 A Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 A Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any series of Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountant, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2012 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner

and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Resolution.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code of 1931, as amended, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 6.10. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 A Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance

sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and mail to any Bondholder requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System.

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Connections. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 A Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2012 A Bonds during the term thereof is, under the terms of the Series 2012 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 A Bonds during the term thereof is, under the terms of the Series 2012 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2012 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2012 A Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2012 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder;

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the Prior Bonds or the Prior Resolutions.

The Issuer must cure any covenant default within 30 days after notice of the default, and failure to pay principal of or interest on the Bonds shall be an immediate event of default.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Series 2012 A Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2012 A Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2012 A Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2012 A Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2012 A Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 A Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer, specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2012 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders

or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2012 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Bond Commission shall serve as the Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agent shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2012 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2012 A Bonds from gross income for federal income tax purposes.

The Series 2012 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2012 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2012 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2012 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2012 A Bonds; provided, that any cash received

from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2012 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2012 A Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of 60% in aggregate principal amount of the Series 2012 A Bonds then Outstanding and affected thereby, which must be filed with the Secretary of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2012 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2012 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service District
Post Office Box 737
Martinsburg, West Virginia 25402-0737
Attention: Chairman

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name and address to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, LLC
700 Walnut Street, Suite600
Cincinnati, Ohio 45202
Attention: Senior Vice President

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 A Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the resolutions authorizing the Prior Bonds, the resolutions authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 26th day of November, 2012.

_____

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 26th day of November, 2012.

Dated this ____ day of _____, 2012.

[SEAL]

_____
Secretary

EXHIBIT A - SERIES 2012 A BONDS FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BOND, SERIES 2012 A BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2012 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the Series 2004 Bonds; (ii) to fund a Reserve Account for the Series 2012 A Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2012 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH OR SENIOR TO WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER:

(i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (ix) Water Revenue

Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000; and Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds"), dated December __, 2012, and issued in the original aggregate principal amount of $_____.

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to mandatory sinking fund redemption prior to maturing on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

_____Bonds Maturing_____

Year (___)	Principal Amount

_____Bonds Maturing_____

Year (___)	Principal Amount

_____Bonds Maturing_____

Year (___)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2012 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay the Series 2004 Bonds, fund a reserve account for the Series 2012 A Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

The portion of the Bonds equal to the outstanding par amount of the Series 2004 Bonds has been "deemed designated" pursuant to Section 265 (b)(3)(D)(ii) of the Code. The remaining portion of the Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, 2012.

_____,
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ the within Bond and does hereby irrevocably constitute and appoint

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

APPENDIX E

[Form of Continuing Disclosure Certificate]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE
$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS
SERIES 2012 A (BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Berkeley County Public Service District ("District"), and is being delivered to Ross, Sinclaire & Associates, LLC (the "Underwriter") in connection with the issuance by the District of its $7,425,000 in aggregate original principal amount of its Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "2012 A Bonds"). The Underwriter is the initial purchaser of the 2012 A Bonds. The 2012 A Bonds are being issued pursuant to a Resolution enacted by the District on November 26, 2012 (the "Resolution"). Certain terms are defined in Section 10 hereof.

The District undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. Subject to the provisions of Section 12 hereof, the District agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the District.

Any or all of the items listed above may be included by specific reference to other documents; *provided, that* if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information. The District agrees to provide or cause to be provided the following information to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the 2012 A Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this Section 3 any earlier than the date on which notice of the underlying event is given to the registered owners of affected 2012 A Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event; is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which 2012 A Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the District pursuant to this Disclosure Certificate will terminate at such time as no 2012 A Bonds remain Outstanding (within the meaning of the Resolution), all of the 2012 A Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the 2012 A Bonds. The District will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5. Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent is the District.

SECTION 6. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the 2012 A Bonds, or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the District and experienced in bond or Federal securities law, have complied with the requirements of the Rule at the time of the original issuance of the 2012 A Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the 2012 A Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the 2012 A Bonds, or (ii) does not materially impair the interests of the Bondholders in the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the District, but which may be selected by the District, or as determined by another party unaffiliated with the District, but which may be selected by the District.

SECTION 7: Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation pursuant to this Disclosure Certificate to update the information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the District's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Certificate by commencing an action for specific performance in a court of competent jurisdiction to compel the District to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the District of its failure to perform, giving reasonable detail of such failure, following which notice the District will have 30 days to perform. Failure by the District to perform its obligations pursuant to this Disclosure Certificate will not be deemed an event of default with respect to the 2012 A Bonds or the Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate is solely for the benefit of the District and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms will have the following meanings:

(a) *"Annual Information"* means the financial information (which shall be based on financial *statements* prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in Appendix B, entitled "Audited Financial Statements for Fiscal Year Ended June 30, 2011," which Annual Financial information shall include Audited Financial Statements if available on the due date set forth herein, and, if not available, unaudited financial statements.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the District will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Certificate occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) *"Audited Financial Statements"* means the audited annual Financial Statements of the State.

(c) *"Bondholder"* means a beneficial owner of a 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the District), with beneficial ownership determined on the basis of ownership for Federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the District.

(d) *"Dissemination Agent"* initially means the District and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

(e) *"District"* means the Berkeley County Public Service District.

(f) *"Filing Date"* means not later than nine months following the end of each Fiscal Year, beginning March 31, 2013.

(g) *"Financial Statements"* means annual financial statements of the State prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(h) *"Fiscal Year"* means each fiscal year of the District, commencing with the fiscal year that began July 1, 2012, and ends on June 30, 2013.

(i) *"Listed Events"* means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

iii) unscheduled draws on debt service reserves reflecting financial difficulties;

iv) unscheduled draws on credit enhancements reflecting financial difficulties;

v) substitution of credit or liquidity providers, or their failure to perform;

vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the 2012 A Bonds, or other material* events affecting the tax status of the 2012 A Bonds;

vii) modifications to rights of holders of the 2012 A Bonds, if material*;

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the 2012 A Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the District;

xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material*.

(j) *"MSRB"* means the Municipal Securities Rulemaking Board.

(k) *"Official Statement"* means the final Official Statement dated November 28, 2012, with respect to the initial offering of the 2012 A Bonds.

(l) *"Participating Underwriter"* means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the 2012 A Bonds, including Ross, Sinclaire & Associates, LLC.

(m) *"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the 2012 A Bonds.

(n) *"State"* means the State of West Virginia.

SECTION 11. Governing Law: Forum. This Disclosure Certificate will be governed by the law of the State. Any action to enforce this Disclosure Certificate against the District may be brought only in a State court located in Berkeley County, West Virginia.

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

Dated: December 19, 2012

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

By:_____
Chairman

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Refunding Revenue Bonds, Series 2012 A
(Bank Qualified)

RULE 15c2-12 CERTIFICATE

On this 19th day of December, 2012, the undersigned hereby certifies and represents to Ross, Sinclaire & Associates, LLC (the "Original Purchaser") that they are the duly elected or appointed, as applicable, qualified and acting Chairman and Secretary of the Berkeley County Public Service District (the "Issuer") authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Original Purchaser as follows:

(1) This Certificate is delivered to enable the Original Purchaser to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the Berkeley County Public Service District's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated November 26, 2012, setting forth information concerning the Bonds and the Issuer (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final Bond Purchase Agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Original Purchaser thereof.

(6) The Issuer has delivered to the Original Purchaser a final Official Statement, dated November 28, 2012, pursuant to paragraph (b)(3) of the Rule.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, we have hereunto set our hands as of the day and year first written above to this Rule 15c2-12 Certificate.

Chairman

Secretary

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED)

BOND PURCHASE AGREEMENT

November 28, 2012

Berkeley County Public Service District
83 Monroe Street
Martinsburg, WV 25404

Ladies and Gentlemen:

Ross, Sinclaire and Associates, LLC (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Berkeley County Public Service District (the "District"). This offer is made subject to acceptance and execution of this Purchase Agreement by the District prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the District as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Chairman of the District in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described the Resolution.

1. The Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Bonds") are being issued, along with other available funds, to: (i) to currently refund the District's Water Revenue Bonds, Series 2004 (the "2004 Bonds"); (ii) to fund the Series 2012 A Bonds Reserve Account; and (iii) pay certain costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Bond Resolution adopted by the Board of the District on November 26, 2012 (the "Resolution") and as supplemented by a Supplemental Parameters Resolution on November 26, 2012 (collectively, the "Resolution"). The Bonds shall be secured by the net revenues collected by the District from the operation of its water system

(the "System) and the Series 2012 A Bonds Reserve Account on parity with the District's Prior Bonds.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the District, and the District agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of $7,405,740.10 ($7,425,000 minus Underwriter's discount of $40,375 and plus an original issue premium of $21,115.10).

The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bond is called for prior redemption and payment on such date is provided for, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibit A-1, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the District, the District shall deliver or cause to be delivered to the Underwriter three copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement, dated November 26, 2012 (the "Preliminary Official Statement") and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the District by its Chairman as requested below.

3. The Official Statement has been approved for distribution by the Resolution. The District authorizes the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Bonds.

On November 26, 2012, the District delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the District which deemed the Preliminary Official Statement "final' within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The District shall deliver or cause to be delivered to the Underwriter, after the

acceptance by the District of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the District in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The District covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the District has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the District so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the District will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with the Municipal Securities Rulemaking Board a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the District that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the District from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on December 19, 2012, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the District will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of

one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the District and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Resolution. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the District. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on December 17, 2012. If the District does not have a Blanket DTC Letter of Representation (the "DTC Letter of Representations"), the District agrees to provide one to DTC.

5. The District represents and warrants to the Underwriter and agrees that:

(a) The District is a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State. The Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act");

(b) The District shall have complied and will comply at each Closing in all respects with all applicable statutes and laws, including the Act;

(c) The District has full legal right, power and authority to currently refund and defease the 2004 Bonds, issue bonds for purposes provided in the Resolution and to enter into this Purchase Agreement, to enact the Resolution and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The information contained in the Preliminary Official Statement dated November 26, 2012, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(e) At the time of the District's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) If the Official Statement is supplemented or amended pursuant to subparagraph (i) at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the District and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(h) Prior to the District's acceptance hereof, the District delivered to the Underwriter copies of the Preliminary Official Statement which the District deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof;

provided, however, that in making the representation and warranty contained in this paragraph (h) the District shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(i) For purposes of this Purchase Agreement, the End of the Underwriting Period for the respective series of Bonds shall mean the earlier of (a) the day of the Closing unless the District has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the End of the Underwriting Period for the respective series of Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the District by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the District pursuant to clause (a) above that the End of the Underwriting Period for the respective series of Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the District in writing as soon as practicable following the "end of the underwriting period" for the respective series of Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the District shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The District has duly authorized all necessary action to be taken by it for: (1) the current refunding and defeasance of the 2004 Bonds; (2) the issuance and sale of the Bonds upon the terms set forth herein, in the Resolution and in the Official Statement; (3) the execution and delivery of the Resolution and the Undertaking; (4) the approval of the Official Statement and the execution, distribution and delivery of the Official Statement by the Chairman of the District; (5) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Resolution and any and all such other agreements and documents as may be required to be executed, delivered and received by the District in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the

District payable solely from the Net Revenues of the System and moneys pledged therefor under the Resolution and will be entitled to the benefit of the Resolution. Neither the credit nor the taxing power of the District shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the District (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the current refunding and defeasance of the 2004 Bonds or the validity of the Bonds, the Resolution, the Undertaking, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(n) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the District's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the District is subject or by which the District is or may be bound, and to our knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(o) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certifications may not be relied upon;

(p) All financial statements of the District included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the District's System as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the District or any material adverse change in the general

affairs, management, financial position, or results of operations of the District's System and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the District, except as reflected in or contemplated by the Official Statement; and

(q) Any certificate signed by the Chairman of the District or any of the District's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the District contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the District, and that any obligation or liability of the District hereunder or under the Resolution will be payable solely out of the Net Revenues and other income, charges and moneys derived by the District from, or in connection with the System, nor shall any member, official or employee of the District be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the District made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Resolution and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the District in writing of their election to do so between the date hereof and each Closing Date, if at any time hereafter and prior to each Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Legislation shall be introduced by amendment or otherwise in, or be enacted by, the Congress of the United States, or a decision by a court of the United States shall be rendered to the effect that obligations of the general character of the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Resolution is not exempt from qualifications under or from other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement;

(v) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vii) Any proceeding shall be pending, or to the knowledge of the District, threatened, to restrain, enjoin, or otherwise prohibit the issuance, sale, or delivery of the Bonds by the District or the purchase, offering, sale, or distribution of the Bonds by the Underwriter, or for any investigatory or other proceedings under any federal or state securities laws or the rules and regulations of the FINRA relating to the issuance, sale, or delivery of the Bonds by the District or the purchase, offering, sale, or distribution of the Bonds by the Underwriter;

(viii) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(ix) There shall have been any materially adverse change in the affairs of the District; and

(c) At or prior to the Closing, the Underwriter and the District shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) An opinion, dated the date of the Closing and addressed to the District, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix C to the Official Statement, and an unqualified opinion of such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them;

(ii) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by,

and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the District; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption; and (iv) the statements contained in the Official Statement under the captions "Security for the Series 2012 A Bonds," "The Series 2012 A Bonds" (except for the statements made under the sub-captions "Book-Entry Only System" with respect to The Depository Trust Company), "Status of Capacity Improvement Fees and Impact on Series 2007 Notes," "Appendix C – Form of Bond Counsel Opinion" and "Appendix D – Summary of Resolution," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(iii) An opinion, dated the date of Closing and addressed to the Underwriter, of Hoy Shingleton, Jr., Esq., counsel for the District, to the effect that (i) the District has complied with all requirements of the Act that must be satisfied upon and subsequent to issuance of the Bonds, (ii) any requirement as to legal matters as the Underwriter shall reasonably require, (iii) no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the District or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the District pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or this Purchase Contract, or contesting the powers of the State with respect to the Bonds, the Resolution or this Purchase Contract or any transaction described in or contemplated by the Official Statement, (iv) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the District of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the District, in light of the circumstances under which they were made, not misleading, and (v) the statements contained in the Official Statement under the caption "The System," "Litigation," and "Appendix A—Berkeley County, West Virginia Demographic Information," insofar as such statements contained under such caption purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(iv) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(v) An opinion, dated the date of the Closing and addressed to the Underwriter, of Jackson Kelly PLLC, Underwriter's Counsel, to the effect that this Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter;

(vi) An opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Disclosure Counsel, to the effect that (i) the Continuing Disclosure Certificate complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (ii) that nothing has come to our attention that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vii) A certificate, satisfactory to the Underwriter, of the Chairman of the District or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the refunding of the 2004 Bonds, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the refunding of the 2004 Bonds, the collection of the Net Revenues, the pledge of the Net Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Resolution, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound and (v) you

are in compliance with all covenants in your outstanding resolutions which authorized bonds secured by the Net Revenues of the System;

(viii) Copies of this Purchase Agreement executed by the parties thereto;

(ix) An unappealable order of the Public Service Commission of West Virginia (the "PSC") approving the financing;

(x) Duly authorized and executed copies of the Undertaking, in substantially the form attached as Appendix E to the Official Statement and incorporated herein, which complies with the provisions of Rule 15c2-12(b)(5) in form and substance satisfactory to the Underwriter;

(xi) A certificate of the District executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the District is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(xii) A certificate from Cox Hollida Price LLP, Certified Public Accountants, that the District has Net Revenues sufficient to meet the rate coverage requirements of the Resolution;

(xiii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Resolution for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Resolution;

(xiv) The Resolution, certified by the Secretary under the seal of the District, as having been duly adopted by the District and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(xv) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(xvi) Evidence that the 2004 Bonds have either been paid in full or defeased until the first available call date; including a defeasance opinion of Bond Counsel and a defeasance certificate from the paying agent for the 2004 Bonds;

(xvii) Consent to use the City's audit in the Preliminary Official Statement from Cox Hollida Price LLP, Certified Public Accountants; and

(xviii) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or their counsel, Jackson Kelly PLLC, reasonably may deem necessary or advisable to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the District's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the District on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the District;

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to Jackson Kelly PLLC, counsel to the Underwriter.

If the District shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the District shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The District acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's length, commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, consultant or fiduciary to the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to this Bond Purchase Agreement and the discussions, undertakings and procedures leading thereto irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the District on other matters; (iii) the primary role of the Underwriter is to purchase or arrange for the placement of securities in an arm's length commercial transaction between the district, the Underwriter and the prospective purchaser(, and the Underwriter has financial and other interests that differ from those of the District; (iv) the only contractual obligations the Underwriter has to the District with respect to the

transactions contemplated hereby are set forth in this Bond Purchase Agreement; and (v) the District retained its own financial advisor in connection with the issuance of the Bonds and has consulted its own legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

8. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the District shall pay or cause to be paid from the proceeds of the Bonds or other funds of the District, any fees and expenses incident to the performance of the District's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel and Disclosure Counsel; (iv) all advertising expenses in connection with the public offering of the Bonds; (v) the fees and disbursements of the Registrar including legal fees of legal counsel, if any; (vi) the fees and expenses of Counsel to the Underwriter; (vii) the fees and expenses of the accountant; and (viii) all other expenses and cost (including the fees and expenses of the District) for the authorization, issuance, sale and distribution of the Bonds.

9. The Underwriter shall pay from the underwriting spread all expenses incurred by it in connection with its public offering and distribution of the Bonds, including all out-of-pocket expenses, travel and other expenses and filing fees.

10. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the District will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the District, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement

is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the District. For the purposes of this paragraph, the District will furnish such information with respect to themselves as the Underwriter from time to time may request.

11. Neither the officials of the District nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the District within this Purchase Agreement.

12. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the District:

Berkeley County Public Service District
83 Monroe Street
Martinsburg , WV 25404
Attention: Chairman

To the Underwriter:

Ross, Sinclaire and Associates, LLC
700 Walnut Street, Suite600
Cincinnati, Ohio 45202

13. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the District in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

14. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

15. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the District. This Purchase Agreement shall

become legally effective upon its acceptance by the District, as evidenced by the signature of the Chairman of the District in the space provided hereinafter therefor.

[The remainder of this page left blank intentionally]

Ross, Sinclaire and Associates, LLC

By: Nelson Taul
Its: Managing Director

ACCEPTED AND APPROVED:

Berkeley County Public Service District

By: _____
Its: Chairman

Ross, Sinclaire and Associates

By:_____
Its: _____

ACCEPTED AND APPROVED:

Berkeley County Public Service District

By:_____
Its: Chairman

EXHIBIT A-1

Series 2012 A Serial Bonds

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.
12/01/2013	$585,000	1.000%	100.283%	0.700%	084246GC5
12/01/2014	$595,000	1.000%	100.192%	0.900%	084246GD3
12/01/2015	$595,000	1.500%	101.303%	1.050%	084246GE1
12/01/2016	$575,000	1.500%	101.153%	1.200%	084246GF8
12/01/2017	$335,000	2.000%	103.101%	1.350%	084246GG6
12/01/2018	$345,000	2.000%	102.835%	1.500%	084246GH4
12/01/2019	$705,000	2.000%	101.958%	1.700%	084246GJ0
12/01/2020	$715,000	2.000%	100.660%	1.910%	084246GK7
12/01/2021	$735,000	2.000%	99.025%	2.120%	084246GL5
12/01/2022	$750,000	2.200%	99.026%	2.310%	084246GM3
12/01/2023	$760,000	2.300%	98.566%	2.450%	084246GN1
12/01/2024	$730,000	2.375%	98.714%	2.500%	084246GP6

Optional Redemption

The Series 2012 A Bonds are not subject to redemption prior to maturity.

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS,
SERIES 2012 A (BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE

On this 19th day of December 2012, this Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Berkeley County Public Service District ("District"), and is being delivered to Ross, Sinclaire & Associates, LLC (the "Underwriter") in connection with the issuance by the District of its $7,425,000 in aggregate original principal amount of its Water Refunding Revenue Bonds, Series 2012 A (the "2012 A Bonds"). The Underwriter is the initial purchaser of the 2012 A Bonds. The 2012 A Bonds are being issued pursuant to a Resolution, as supplemented, adopted by the District on November 26, 2012 (the "Resolution"). Certain terms are defined in Section 10 hereof.

The District undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. Subject to the provisions of Section 12 hereof, the District agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the District.

Any or all of the items listed above may be included by specific reference to other documents; *provided, that* if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information. The District agrees to provide or cause to be provided the following information to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the 2012 A Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this Section 3 any earlier than the date on which notice of the underlying event is given to the registered owners of affected 2012 A Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event; is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which 2012 A Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the District pursuant to this Disclosure Certificate will terminate at such time as no 2012 A Bonds remain Outstanding (within the meaning of the Resolution), all of the 2012 A Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the 2012 A Bonds. The District will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5. Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent is the District.

SECTION 6. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the 2012 A Bonds, or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the District and experienced in bond or Federal securities law, have complied with the requirements of the Rule at the time of the original issuance of the 2012 A Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the 2012 A Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the 2012 A Bonds, or (ii) does not materially impair the interests of the Bondholders in the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the District, but which may be selected by the District, or as determined by another party unaffiliated with the District, but which may be selected by the District.

SECTION 7: Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation pursuant to this Disclosure Certificate to update the information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the District's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Certificate by commencing an action for specific performance in a court of competent jurisdiction to compel the District to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the District of its failure to perform, giving reasonable detail of such failure, following which notice the District will have 30 days to perform. Failure by the District to perform its obligations pursuant to this Disclosure Certificate will not be deemed an event of default with respect to the 2012 A Bonds or the Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate is solely for the benefit of the District and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms will have the following meanings:

(a) *"Annual Information"* means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in Appendix B, entitled "Audited Financial Statements for Fiscal Year Ended June 30, 2011," which Annual Financial information shall include Audited Financial Statements if available on the due date set forth herein, and, if not available, unaudited financial statements.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the District will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Certificate occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) *"Audited Financial Statements"* means the audited annual Financial Statements of the State.

(c) *"Bondholder"* means a beneficial owner of a 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the District), with beneficial ownership determined on the basis of ownership for Federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the District.

(d) *"Dissemination Agent"* initially means the District and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

(e) *"District"* means the Berkeley County Public Service District.

(f) *"Filing Date"* means not later than nine months following the end of each Fiscal Year, beginning March 31, 2013.

(g) *"Financial Statements"* means annual financial statements of the State prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(h) *"Fiscal Year"* means each fiscal year of the District, commencing with the fiscal year that began July 1, 2012, and ends on June 30, 2013.

(i) *"Listed Events"* means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

iii) unscheduled draws on debt service reserves reflecting financial difficulties;

iv) unscheduled draws on credit enhancements reflecting financial difficulties;

v) substitution of credit or liquidity providers, or their failure to perform;

vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the 2012 A Bonds, or other material* events affecting the tax status of the 2012 A Bonds;

vii) modifications to rights of holders of the 2012 A Bonds, if material*;

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the 2012 A Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the District;

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material*.

(j) *"MSRB"* means the Municipal Securities Rulemaking Board.

(k) *"Official Statement"* means the final Official Statement dated November 28, 2012, with respect to the initial offering of the 2012 A Bonds.

(l) *"Participating Underwriter"* means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the 2012 A Bonds, including Ross, Sinclaire & Associates, LLC.

(m) *"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the 2012 A Bonds.

(n) *"State"* means the State of West Virginia.

SECTION 11. Governing Law: Forum. This Disclosure Certificate will be governed by the law of the State. Any action to enforce this Disclosure Certificate against the District may be brought only in a State court located in Berkeley County, West Virginia.

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

Dated on the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

By:_____
Chairman

If you have any questions or need further information in preparation for closing, please feel free to contact me at 859-410-2602.

My best regards,



Brian G. Nurick
Senior Vice President/Managing Director

BN/cbr

cc: John Stump, Esq.
Mr. Paul Fisher

If you have any questions or need further information in preparation for closing, please feel free to contact me at 859-410-2602.

My best regards,



Brian G. Nurick
Senior Vice President/Managing Director

BN/cbr

cc: John Stump, Esq.
Mr. Paul Fisher

CONDITIONAL NOTICE OF REDEMPTION

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2004 (Bank Qualified)
Dated: December 30, 2004

TO THE HOLDERS OF ALL THE ABOVE-CAPTIONED BONDS:

NOTICE IS HEREBY GIVEN that all of the outstanding Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2004, dated December 30, 2004 (the "Refunded Bonds"), have been ordered by the Berkeley County Public Service District (West Virginia) to be redeemed on December 20, 2012, in accordance with the provisions of the Bond Resolution pursuant to which the Refunded Bonds were issued. The outstanding Refunded Bonds mature on December 1 in the following years:

Maturity Date (December 1st)	Maturity Amount	Interest Rate	CUSIP Number
2013	$490,000	3.400%	084246 DX2
2014	$510,000	3.600%	084246 DY0
2015	$525,000	4.000%	084246 DZ7
2016	$550,000	4.000%	084246 EA1
2017	$570,000	4.000%	084246 EB9
2018	$595,000	4.000%	084246 EC7
2019	$620,000	4.000%	084246 ED5
2020	$645,000	4.000%	084246 EE3
2021	$670,000	4.100%	084246 EF0
2022	$700,000	4.200%	084246 EG8
2023	$730,000	4.300%	084246 EH6
2024	$760,000	4.300%	084246 EJ2

FUNDS SUFFICIENT TO REDEEM ALL REFUNDED BONDS CALLED FOR OPTIONAL REDEMPTION AS DESCRIBED HEREIN HAVE **NOT** BEEN DEPOSITED WITH THE WEST VIRGINIA MUNICIPAL BOND COMMISSION, CHARLESTON, WEST VIRGINIA, AS PAYING AGENT (THE "PAYING AGENT") FOR THE REFUNDED BONDS. THUS, THE OPTIONAL REDEMPTION DESCRIBED HEREIN IS SUBJECT TO THE DEPOSIT OF SUCH MONIES WITH THE PAYING AGENT ON OR BEFORE THE REDEMPTION DATE. IF SUCH MONIES ARE NOT SO DEPOSITED, THE BANK OF NEW YORK MELLON, AS REGISTRAR SHALL NOTIFY ALL HOLDERS OF REFUNDED BONDS CALLED FOR REDEMPTION OF SUCH FACT.

All Refunded Bonds outstanding as of December 20, 2012, are to be surrendered for payment of the principal of and interest accrued thereon (the "Redemption Price") to December 20, 2012 (the "Redemption Date") to:

By Mail:

The Bank of New York Mellon
P.O. Box 396
East Syracuse, NY 13057
Attn: Bond Redemption Unit

By Hand Delivery / Overnight Mail:

The Bank of New York Mellon
111 Sander Creek Parkway
East Syracuse, NY 13057
Attn: Bond Redemption Unit

The Refunded Bonds will become due and payable on the Redemption Date. On that date the Refunded Bonds to be redeemed shall cease to accrue thereon and after said date.

Date of Notice: November 19, 2012

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

By: The Bank of New York Mellon, as Registrar

NOTICE

Federal law requires the payor to withhold at the current rate of withholding from the payment if a certified taxpayer number (social security or employer identification number) is not provided. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

**The CUSIP numbers herein are being provided solely for the convenience of the Owners of the Refunded Bonds and neither the Registrar nor the District make any representation with respect to such numbers or undertake any responsibility for their accuracy.*

DIRECTION TO REDEEM

$10,000,000 Berkeley County Public Service District (West Virginia)
Water Revenue Bonds,
Series 2004 (Bank Qualified)
Dated December 30, 2004

To; **VIA ELECTRONIC TRANSMISSION**
THOMAS.VLAHAKIS@BNYMELLON.COM
The Bank of New York Mellon
385 Rifle Camp Road
Woodland Park, NJ 07424

Pursuant to Section 3.07 of the Bond Resolution dated December 13, 2004 (the "Bond Resolution") related to the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2004 (Bank Qualified), dated December 30, 2004 and issued in the original aggregate amount of $10,000,000 (the "2004 Bonds"), you hereby directed to redeem all the outstanding 2004 Bonds on December 20, 2012. The redemption shall be at the redemption price of 100% of par, plus interest accrued to the redemption date and shall be as otherwise specified in the Bond Resolution.

[Signature Page to Follow.]

Dated: November 19, 2012.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

By _____
Its Authorized Officer

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

[Name of Issuer]

October 18, 2002

[Date]

Underwriting Department—Eligibility
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Berkeley County Public Service District

(Issuer)

By: _____ II

(Authorized Officer's Signature)

William T. Alexander, II, Chairman

(Print Name)

83 Monroe Street

(Street Address)

Martinsburg, WV 25401

(City) (State) (Zip Code)

(304) 264-0995

(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

P-2467 04/99

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[Beneficial Owners of the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

$7,425,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 19th day of December, 2012, by and between BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $7,425,000 aggregate principal amount of Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) in fully registered form (the "Series 2012 A Bonds"), pursuant to a Resolution adopted November 26, 2012 as supplemented (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2012 A Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Agreement does appoint the Bank to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Series 2012 A Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2012 A Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Berkeley County Public Service District
P.O. Box 737
Martinsburg, West Virginia 25402
Attention: Chairman

REGISTRAR: United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Series 2012 A Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

UNITED BANK, INC.

By: _____
Its: Authorized Officer

FEE SCHEDULE

UNITED BANK
WEST VIRGINIA'S BANK

I N V O I C E

Date: December 5, 2012

To: Berkeley County Public Service District

Re: Berkeley County Public Service District
Series 2009

Amount Due: $ 550.00

Acceptance Fee	$ 500.00
Annual Fee	$ 50.00
Total	$ 550.00

Please remit to United Bank
Corporate Trust Department
P. O. Box 393
Charleston, WV

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2012***

$7,425,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

December 19, 2012

CONSENT

In reliance upon the certificate of CoxHollidaPrice, LLP, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, stating that the coverage and parity tests have been met (copies attached) the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), registered owner of the Water Revenue Bonds, Series 1993 B, Water Revenue Bonds, Series 1993 D, Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 1997, Water Revenue Bonds, Series 2001 A and Water Revenue Bonds, Series 2003 C (collectively, the "First Lien Bonds") and the Water Revenue Bonds, Series 1993 C (the "Second Lien Bonds"), hereby consents to the issuance of the Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), in the original aggregate principal amount of $7,425,000, by Berkeley County Public Service District (the "Issuer"), under the terms of the Resolution authorizing the Series 2012 A Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's First Lien Bonds and senior and prior to the Second Lien Bonds, as set forth in the Resolution.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Toll Free 877.242.7278
Fax 304.263.0997

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

December 19, 2012

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

Berkeley County Public Service District (West Virginia)
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross Sinclaire & Associates
Cincinnati, Ohio

Steptoe& Johnson PLLC
Charleston, West Virginia

We hereby consent to and ratify the use of our audit report dated October 4, 2012 regarding the Berkeley County Public Service District (the "District"), in the District's Preliminary Official Statement dated November 26, 2012 and the District's Official Statement dated November 28, 2012, including any amendments thereto, related to the above-referenced bonds.

We have not performed any procedures subsequent to the date of this consent.

CoxHollidaPrice LLP

By: Frederick Hollida
Its: Managing Partner

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 19-Dec-12

ISSUE: Berkeley County Public Service District
Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified)

ADDRESS: P.O. Box 737 Martinsburg, West Virginia 25402 COUNTY: Berkeley

PURPOSE OF ISSUE:
New Money: ____
Refunding: X

REFUNDS ISSUE(S) DATED: 30-Dec-04

ISSUE DATE: 19-Dec-12

CLOSING DATE: 19-Dec-12

ISSUE AMOUNT: $7,425,000

RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: 1-Jun-13

1ST PRINCIPAL DUE 1-Dec-13

1ST DEBT SERVICE AMOUNT $ 61,815.38

PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340.1318

CLOSING BANK:
Bank: West Virginia Municipal Bond Commission
Contact: Sara Rogers, Executive Director
Phone: (304) 558.3971

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Paul Fisher
Position: Executive Director, Berkeley County PSD
Phone: (304) 267.3855

OTHER:
Agency: Ross, Sinclaire & Associates, LLC
Contact: Nelson Taul
Position: Managing Director
Phone: (513) 381.3939

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Fun $ ____
____ To Other: ____ $ ____

NOTES: See Letter of Instruction of SWS Group of December 18, 2012

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

MOODY'S
INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

November 20, 2012

Mr. Paul Fisher
Berkeley County Public Service District, WV
P.O. Box 737
Martinsburg, WV 24502

Dear Mr. Fisher:

We wish to inform you that on November 20, 2012, Moody's Investors Service reviewed and assigned a rating of

- **A3** to Berkeley County Public Service District, WV, Water Refunding Revenue Bonds, Series 2012A
- **A3** to Berkeley County Public Service District, WV, Water Revenue Bonds, Series 2012B

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

In accordance with our usual policy, assigned ratings are subject to revision or withdrawal by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current rating, please visit www.moodys.com.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Jennifer Diercksen at 212-553-4346.

Sincerely,

Julie Beglin
VP-Senior Analyst/Manager

cc: Brian Nurick
Southwest Securities, Inc.
1219 Assembly Street, Suite 202
Columbia, SC 29201

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	1.000%	0.700%	585,000.00	100.283%	586,655.55
12/01/2014	Serial Coupon	1.000%	0.900%	595,000.00	100.192%	596,142.40
12/01/2015	Serial Coupon	1.500%	1.050%	595,000.00	101.303%	602,752.85
12/01/2016	Serial Coupon	1.500%	1.200%	575,000.00	101.153%	581,629.75
12/01/2017	Serial Coupon	2.000%	1.350%	335,000.00	103.101%	345,388.35
12/01/2018	Serial Coupon	2.000%	1.500%	345,000.00	102.835%	354,780.75
12/01/2019	Serial Coupon	2.000%	1.700%	705,000.00	101.958%	718,803.90
12/01/2020	Serial Coupon	2.000%	1.910%	715,000.00	100.660%	719,719.00
12/01/2021	Serial Coupon	2.000%	2.120%	735,000.00	99.025%	727,833.75
12/01/2022	Serial Coupon	2.200%	2.310%	750,000.00	99.026%	742,695.00
12/01/2023	Serial Coupon	2.300%	2.450%	760,000.00	98.566%	749,101.60
12/01/2024	Serial Coupon	2.375%	2.500%	730,000.00	98.714%	720,612.20
Total	-	-	-	**$7,425,000.00**	-	**$7,446,115.10**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Pricing Summary

Bid Information

Par Amount of Bonds	$7,425,000.00
Reoffering Premium or (Discount)	21,115.10
Gross Production	$7,446,115.10
Total Underwriter's Discount (0.544%)	$(40,375.00)
Bid (99.741%)	7,405,740.10
Total Purchase Price	$7,405,740.10
Bond Year Dollars	$51,123.75
Average Life	6.885 Years
Average Coupon	2.0690709%
Net Interest Cost (NIC)	2.1067440%
True Interest Cost (TIC)	2.1023075%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Summary Of Underwriter's Discount

Maturity	Concession	+ Takedown	= Total	Issuance Value	Total Takedown
12/01/2013	-	0.250%	0.250%	585,000.00	1,462.50
12/01/2014	-	0.250%	0.250%	595,000.00	1,487.50
12/01/2015	-	0.375%	0.375%	595,000.00	2,231.25
12/01/2016	-	0.375%	0.375%	575,000.00	2,156.25
12/01/2017	-	0.375%	0.375%	335,000.00	1,256.25
12/01/2018	-	0.500%	0.500%	345,000.00	1,725.00
12/01/2019	-	0.500%	0.500%	705,000.00	3,525.00
12/01/2020	-	0.500%	0.500%	715,000.00	3,575.00
12/01/2021	-	0.625%	0.625%	735,000.00	4,593.75
12/01/2022	-	0.625%	0.625%	750,000.00	4,687.50
12/01/2023	-	0.750%	0.750%	760,000.00	5,700.00
12/01/2024	-	0.750%	0.750%	730,000.00	5,475.00
Total	-	-	-	**$7,425,000.00**	**$37,875.00**

Underwriting & Issuance Expenses

Total Average Takedown (0.510%)	$37,875.00
Total Underwriters Expenses (0.034%)	$2,500.00
TOTAL UNDERWRITING SPREAD (0.544%)	$40,375.00

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Detail Of Underwriter's Discount

Dated 12/19/2012 | Delivered 12/19/2012

UNDERWRITER'S EXPENSES DETAIL

Underwriter's Expenses (0.034%)	$2,500.00
TOTAL	**$2,500.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Sources & Uses

Dated 12/19/2012 | Delivered 12/19/2012

Sources Of Funds	
Par Amount of Bonds	$7,425,000.00
Reoffering Premium	22,915.50
Transfers from Prior Issue Debt Service Funds	71,417.92
Transfers from Prior Issue DSR Funds	780,625.91
Total Sources	**$8,299,959.33**

Uses Of Funds	
Original Issue Discount (OID)	1,800.40
Total Underwriter's Discount (0.544%)	40,375.00
Costs of Issuance	134,653.26
Deposit to Debt Service Reserve Fund (DSRF)	742,500.00
Deposit to Current Refunding Fund	7,380,630.67
Total Uses	**$8,299,959.33**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Total Issue Sources And Uses

Dated 12/19/2012 | Delivered 12/19/2012

	2004 BQ	2012 BQ	Issue Summary
Sources Of Funds			
Par Amount of Bonds	$7,285,000.00	$140,000.00	$7,425,000.00
Reoffering Premium	22,915.50	-	22,915.50
Transfers from Prior Issue Debt Service Funds	70,071.32	1,346.60	71,417.92
Transfers from Prior Issue DSR Funds	765,907.04	14,718.87	780,625.91
Total Sources	**$8,143,893.86**	**$156,065.47**	**$8,299,959.33**
Uses Of Funds			
Original Issue Discount (OID)	-	1,800.40	1,800.40
Total Underwriter's Discount (0.544%)	39,277.86	1,097.14	40,375.00
Costs of Issuance	130,791.71	3,861.55	134,653.26
Deposit to Debt Service Reserve Fund (DSRF)	728,500.00	14,000.00	742,500.00
Deposit to Current Refunding Fund	7,245,324.29	135,306.38	7,380,630.67
Total Uses	**$8,143,893.86**	**$156,065.47**	**$8,299,959.33**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Detail Costs Of Issuance

Dated 12/19/2012 | Delivered 12/19/2012

COSTS OF ISSUANCE DETAIL

Financial Advisor	$50,000.00
Bond Counsel	$35,000.00
Bond Counsel - Disclosure	$15,000.00
Underwriters Counsel	$10,000.00
Bond Rating - Moody's Investors Service	$17,000.00
Accountant	$5,000.00
Bond Registrar	$550.00
Municipal Bond Commission (2004 Refunding)	$548.89
Contingency	$1,554.37
TOTAL	**$134,653.26**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Summary Of Underwriter's Discount

Maturity	Concession	+ Takedown	= Total	Issuance Value	Total Takedown
12/01/2013	-	0.250%	0.250%	585,000.00	1,462.50
12/01/2014	-	0.250%	0.250%	595,000.00	1,487.50
12/01/2015	-	0.375%	0.375%	595,000.00	2,231.25
12/01/2016	-	0.375%	0.375%	575,000.00	2,156.25
12/01/2017	-	0.375%	0.375%	335,000.00	1,256.25
12/01/2018	-	0.500%	0.500%	345,000.00	1,725.00
12/01/2019	-	0.500%	0.500%	705,000.00	3,525.00
12/01/2020	-	0.500%	0.500%	715,000.00	3,575.00
12/01/2021	-	0.625%	0.625%	735,000.00	4,593.75
12/01/2022	-	0.625%	0.625%	750,000.00	4,687.50
12/01/2023	-	0.750%	0.750%	760,000.00	5,700.00
12/01/2024	-	0.750%	0.750%	730,000.00	5,475.00
Total	-	-	-	**$7,425,000.00**	**$37,875.00**

Underwriting & Issuance Expenses

Total Average Takedown (0.510%)	$37,875.00
Total Underwriters Expenses (0.034%)	$2,500.00
TOTAL UNDERWRITING SPREAD (0.544%)	$40,375.00

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Detail Of Underwriter's Discount

Dated 12/19/2012 | Delivered 12/19/2012

UNDERWRITER'S EXPENSES DETAIL

Underwriter's Expenses (0.034%)	$2,500.00
TOTAL	**$2,500.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	1.000%	0.700%	585,000.00	100.283%	586,655.55
12/01/2014	Serial Coupon	1.000%	0.900%	595,000.00	100.192%	596,142.40
12/01/2015	Serial Coupon	1.500%	1.050%	595,000.00	101.303%	602,752.85
12/01/2016	Serial Coupon	1.500%	1.200%	575,000.00	101.153%	581,629.75
12/01/2017	Serial Coupon	2.000%	1.350%	335,000.00	103.101%	345,388.35
12/01/2018	Serial Coupon	2.000%	1.500%	345,000.00	102.835%	354,780.75
12/01/2019	Serial Coupon	2.000%	1.700%	705,000.00	101.958%	718,803.90
12/01/2020	Serial Coupon	2.000%	1.910%	715,000.00	100.660%	719,719.00
12/01/2021	Serial Coupon	2.000%	2.120%	735,000.00	99.025%	727,833.75
12/01/2022	Serial Coupon	2.200%	2.310%	750,000.00	99.026%	742,695.00
12/01/2023	Serial Coupon	2.300%	2.450%	760,000.00	98.566%	749,101.60
12/01/2024	Serial Coupon	2.375%	2.500%	730,000.00	98.714%	720,612.20
Total	-	-	-	**$7,425,000.00**	-	**$7,446,115.10**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Pricing Summary

Bid Information

Par Amount of Bonds	$7,425,000.00
Reoffering Premium or (Discount)	21,115.10
Gross Production	$7,446,115.10
Total Underwriter's Discount (0.544%)	$(40,375.00)
Bid (99.741%)	7,405,740.10
Total Purchase Price	$7,405,740.10
Bond Year Dollars	$51,123.75
Average Life	6.885 Years
Average Coupon	2.0690709%
Net Interest Cost (NIC)	2.1067440%
True Interest Cost (TIC)	2.1023075%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S
06/01/2013	-	-	61,815.38	61,815.38	-	61,815.38
12/01/2013	585,000.00	1.000%	68,683.75	653,683.75	-	653,683.75
06/01/2014	-	-	65,758.75	65,758.75	-	65,758.75
12/01/2014	595,000.00	1.000%	65,758.75	660,758.75	-	660,758.75
06/01/2015	-	-	62,783.75	62,783.75	-	62,783.75
12/01/2015	595,000.00	1.500%	62,783.75	657,783.75	-	657,783.75
06/01/2016	-	-	58,321.25	58,321.25	-	58,321.25
12/01/2016	575,000.00	1.500%	58,321.25	633,321.25	-	633,321.25
06/01/2017	-	-	54,008.75	54,008.75	-	54,008.75
12/01/2017	335,000.00	2.000%	54,008.75	389,008.75	-	389,008.75
06/01/2018	-	-	50,658.75	50,658.75	-	50,658.75
12/01/2018	345,000.00	2.000%	50,658.75	395,658.75	-	395,658.75
06/01/2019	-	-	47,208.75	47,208.75	-	47,208.75
12/01/2019	705,000.00	2.000%	47,208.75	752,208.75	-	752,208.75
06/01/2020	-	-	40,158.75	40,158.75	-	40,158.75
12/01/2020	715,000.00	2.000%	40,158.75	755,158.75	-	755,158.75
06/01/2021	-	-	33,008.75	33,008.75	-	33,008.75
12/01/2021	735,000.00	2.000%	33,008.75	768,008.75	-	768,008.75
06/01/2022	-	-	25,658.75	25,658.75	-	25,658.75
12/01/2022	750,000.00	2.200%	25,658.75	775,658.75	-	775,658.75
06/01/2023	-	-	17,408.75	17,408.75	-	17,408.75
12/01/2023	760,000.00	2.300%	17,408.75	777,408.75	-	777,408.75
06/01/2024	-	-	8,668.75	8,668.75	-	8,668.75
12/01/2024	730,000.00	2.375%	8,668.75	738,668.75	(742,500.00)	(3,831.25)
06/01/2025	-	2.375%	-	-	-	-
Total	**$7,425,000.00**	-	**$1,057,786.63**	**$8,482,786.63**	**(742,500.00)**	**$7,740,286.63**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
06/30/2013	61,815.38	-	61,815.38	148,080.00	86,264.62
06/30/2014	719,442.50	-	719,442.50	777,830.00	58,387.50
06/30/2015	723,542.50	-	723,542.50	780,320.00	56,777.50
06/30/2016	716,105.00	-	716,105.00	775,640.00	59,535.00
06/30/2017	687,330.00	-	687,330.00	779,140.00	91,810.00
06/30/2018	439,667.50	-	439,667.50	776,740.00	337,072.50
06/30/2019	442,867.50	-	442,867.50	778,440.00	335,572.50
06/30/2020	792,367.50	-	792,367.50	779,140.00	(13,227.50)
06/30/2021	788,167.50	-	788,167.50	778,840.00	(9,327.50)
06/30/2022	793,667.50	-	793,667.50	777,205.00	(16,462.50)
06/30/2023	793,067.50	-	793,067.50	778,770.00	(14,297.50)
06/30/2024	786,077.50	-	786,077.50	778,375.00	(7,702.50)
06/30/2025	738,668.75	(742,500.00)	(3,831.25)	(3,980.00)	(148.75)
Total	**$8,482,786.63**	**(742,500.00)**	**$7,740,286.63**	**$8,704,540.00**	**$964,253.37**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Debt Service Comparison

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	915,758.41
Effects of changes in DSR investments	(29,758.95)
Net PV Cashflow Savings @ 2.016%(Bond Yield)	885,999.46
Transfers from Prior Issue Debt Service Fund	(71,417.92)
Net Present Value Benefit	$814,581.54
Net PV Benefit / $7,365,000 Refunded Principal	11.060%
Net PV Benefit / $7,425,000 Refunding Principal	10.971%

Refunding Bond Information

Refunding Dated Date	12/19/2012
Refunding Delivery Date	12/19/2012

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Proof Of Bond Yield @ 2.0160198%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/19/2012	-	1.0000000x	-	-
06/01/2013	61,815.38	0.9910139x	61,259.90	61,259.90
12/01/2013	653,683.75	0.9811241x	641,344.89	702,604.80
06/01/2014	65,758.75	0.9713330x	63,873.64	766,478.44
12/01/2014	660,758.75	0.9616396x	635,411.76	1,401,890.20
06/01/2015	62,783.75	0.9520429x	59,772.82	1,461,663.02
12/01/2015	657,783.75	0.9425420x	619,988.79	2,081,651.80
06/01/2016	58,321.25	0.9331359x	54,421.65	2,136,073.45
12/01/2016	633,321.25	0.9238236x	585,077.13	2,721,150.59
06/01/2017	54,008.75	0.9146043x	49,396.64	2,770,547.22
12/01/2017	389,008.75	0.9054770x	352,238.49	3,122,785.71
06/01/2018	50,658.75	0.8964408x	45,412.57	3,168,198.28
12/01/2018	395,658.75	0.8874948x	351,145.07	3,519,343.35
06/01/2019	47,208.75	0.8786380x	41,479.40	3,560,822.76
12/01/2019	752,208.75	0.8698696x	654,323.56	4,215,146.31
06/01/2020	40,158.75	0.8611888x	34,584.26	4,249,730.58
12/01/2020	755,158.75	0.8525945x	643,844.23	4,893,574.81
06/01/2021	33,008.75	0.8440861x	27,862.23	4,921,437.03
12/01/2021	768,008.75	0.8356625x	641,796.12	5,563,233.15
06/01/2022	25,658.75	0.8273230x	21,228.07	5,584,461.23
12/01/2022	775,658.75	0.8190667x	635,316.28	6,219,777.51
06/01/2023	17,408.75	0.8108929x	14,116.63	6,233,894.14
12/01/2023	777,408.75	0.8028005x	624,104.17	6,857,998.31
06/01/2024	8,668.75	0.7947890x	6,889.83	6,864,888.13
12/01/2024	738,668.75	0.7868574x	581,226.97	7,446,115.10
Total	**$8,482,786.63**	-	**$7,446,115.10**	-

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Proof Of Bond Yield @ 2.0160198%

Derivation Of Target Amount

Par Amount of Bonds	$7,425,000.00
Reoffering Premium or (Discount)	21,115.10
Original Issue Proceeds	$7,446,115.10

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
12/19/2012	-	-	-	-	-
12/01/2013	585,000.00	100.283%	586,655.55	0.9500000x	557,322.77
12/01/2014	595,000.00	100.192%	596,142.40	1.9500000x	1,162,477.68
12/01/2015	595,000.00	101.303%	602,752.85	2.9500000x	1,778,120.91
12/01/2016	575,000.00	101.153%	581,629.75	3.9500000x	2,297,437.51
12/01/2017	335,000.00	103.101%	345,388.35	4.9500000x	1,709,672.33
12/01/2018	345,000.00	102.835%	354,780.75	5.9500000x	2,110,945.46
12/01/2019	705,000.00	101.958%	718,803.90	6.9500000x	4,995,687.11
12/01/2020	715,000.00	100.660%	719,719.00	7.9500000x	5,721,766.05
12/01/2021	735,000.00	99.025%	727,833.75	8.9500000x	6,514,112.06
12/01/2022	750,000.00	99.026%	742,695.00	9.9500000x	7,389,815.25
12/01/2023	760,000.00	98.566%	749,101.60	10.9500000x	8,202,662.52
12/01/2024	730,000.00	98.714%	720,612.20	11.9500000x	8,611,315.79
Total	**$7,425,000.00**	-	**$7,446,115.10**	-	**$51,051,335.45**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	6.856 Years
Total Interest from Debt Service	1,057,786.63
Reoffering (Premium) or Discount	(21,115.10)
Total Interest	1,036,671.53
NIC = Interest / (Issue Price * Average Maturity)	2.0306453%
Bond Yield for Arbitrage Purposes	2.0160198%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Total Refunded Debt Service

DATE	2004A RF	2004A RF	TOTAL P+I
12/30/2012	-	-	-
06/30/2013	145,177.50	2,902.50	148,080.00
12/30/2013	635,177.50	2,902.50	638,080.00
06/30/2014	136,847.50	2,902.50	139,750.00
12/30/2014	646,847.50	2,902.50	649,750.00
06/30/2015	127,667.50	2,902.50	130,570.00
12/30/2015	652,667.50	2,902.50	655,570.00
06/30/2016	117,167.50	2,902.50	120,070.00
12/30/2016	667,167.50	2,902.50	670,070.00
06/30/2017	106,167.50	2,902.50	109,070.00
12/30/2017	676,167.50	2,902.50	679,070.00
06/30/2018	94,767.50	2,902.50	97,670.00
12/30/2018	689,767.50	2,902.50	692,670.00
06/30/2019	82,867.50	2,902.50	85,770.00
12/30/2019	702,867.50	2,902.50	705,770.00
06/30/2020	70,467.50	2,902.50	73,370.00
12/30/2020	715,467.50	2,902.50	718,370.00
06/30/2021	57,567.50	2,902.50	60,470.00
12/30/2021	727,567.50	2,902.50	730,470.00
06/30/2022	43,832.50	2,902.50	46,735.00
12/30/2022	743,832.50	2,902.50	746,735.00
06/30/2023	29,132.50	2,902.50	32,035.00
12/30/2023	759,132.50	2,902.50	762,035.00
06/30/2024	13,437.50	2,902.50	16,340.00
12/30/2024	638,437.50	137,902.50	776,340.00
Total	**$9,280,200.00**	**$204,660.00**	**$9,484,860.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Total Refunded Debt Service

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/19/2012
Average Life	6.927 Years
Average Coupon	4.1552235%
Weighted Average Maturity (Par Basis)	6.927 Years

Refunding Bond Information

Refunding Dated Date	12/19/2012
Refunding Delivery Date	12/19/2012

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
12/19/2012	-	-	-	-	-	-
12/20/2012	7,365,000.00	15,630.67	7,380,630.67	-	-	-
06/01/2013	-	-	-	-	148,080.00	148,080.00
12/01/2013	-	-	-	490,000.00	148,080.00	638,080.00
06/01/2014	-	-	-	-	139,750.00	139,750.00
12/01/2014	-	-	-	510,000.00	139,750.00	649,750.00
06/01/2015	-	-	-	-	130,570.00	130,570.00
12/01/2015	-	-	-	525,000.00	130,570.00	655,570.00
06/01/2016	-	-	-	-	120,070.00	120,070.00
12/01/2016	-	-	-	550,000.00	120,070.00	670,070.00
06/01/2017	-	-	-	-	109,070.00	109,070.00
12/01/2017	-	-	-	570,000.00	109,070.00	679,070.00
06/01/2018	-	-	-	-	97,670.00	97,670.00
12/01/2018	-	-	-	595,000.00	97,670.00	692,670.00
06/01/2019	-	-	-	-	85,770.00	85,770.00
12/01/2019	-	-	-	620,000.00	85,770.00	705,770.00
06/01/2020	-	-	-	-	73,370.00	73,370.00
12/01/2020	-	-	-	645,000.00	73,370.00	718,370.00
06/01/2021	-	-	-	-	60,470.00	60,470.00
12/01/2021	-	-	-	670,000.00	60,470.00	730,470.00
06/01/2022	-	-	-	-	46,735.00	46,735.00
12/01/2022	-	-	-	700,000.00	46,735.00	746,735.00
06/01/2023	-	-	-	-	32,035.00	32,035.00
12/01/2023	-	-	-	730,000.00	32,035.00	762,035.00
06/01/2024	-	-	-	-	16,340.00	16,340.00
12/01/2024	-	-	-	760,000.00	16,340.00	776,340.00
Total	**$7,365,000.00**	**$15,630.67**	**$7,380,630.67**	**$7,365,000.00**	**$2,119,860.00**	**$9,484,860.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2012A

FINAL: Priced by RSA on 11.28.12 - Delivery on 12.19.12

(A3 Rated - Bank Qualifed)

Debt Service To Maturity And To Call

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/19/2012
Average Life	6.927 Years
Average Coupon	4.1552235%
Weighted Average Maturity (Par Basis)	6.927 Years

Refunding Bond Information

Refunding Dated Date	12/19/2012
Refunding Delivery Date	12/19/2012

Southwest Securities, Inc.
Public Finance - BNurick

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (West Virginia)

Water Revenue Refunding Bonds, Series 2004

RECEIPT AND RELEASE

The undersigned duly authorized representative of the Municipal Bond Commission, Charleston, West Virginia, as the Holder of The Berkeley County Public Service District's Water Refunding Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Refunding Bonds") hereby certifies that it has this day received the sum of $6,528,586.84 on behalf of Berkeley County Public Service District and that such sum, together with the balance of the Series 2004 Refunding Bonds Sinking Fund in the amount of $71,417.92 and the Series 2004 Refunding Bonds Reserve Fund in the amount of $780,625.91, is sufficient to pay in full the entire outstanding principal of and all interest accrued on the Series 2004 Refunding Bonds, to the date hereof and to discharge the liens, pledges and encumbrances securing the Series 2004 Refunding Bonds.

Dated this 20th day of December, 2012.

MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Officer