

LINCOLN PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

Date of Closing: August 6, 2002

BOND TRANSCRIPT

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LINCOLN PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)**

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LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2002 A AND
WATER REVENUE BONDS, SERIES 2002 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT, FUNDING OF THE RESERVE ACCOUNT OF THE SERIES 1975 BONDS OUTSTANDING, PURCHASING EQUIPMENT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$580,429 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN \$121,522 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF LINCOLN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of the design, acquisition, construction and equipping of improvements and additions to the public waterworks facilities, and the purchase of certain equipment, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

As a prerequisite to the issuance of the Series 2002 Bonds, the holders of the 1975 Bonds have required, and the Issuer hereby deems it necessary and desirable, that the Reserve Account for the Issuer's Series 1975 Bonds be funded to its Reserve Requirement from the proceeds of the Series 2002 B Bonds. Additionally, the Issuer desires to pay certain extraordinary expenses and Operating Expenses of the System from the proceeds of the Series 2002 B Bonds.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2002 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$701,951 in two series (collectively the "Series 2002 Bonds"), being the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), in the total aggregate principal amount of not more than \$580,429 (the "Series 2002 A Bonds") and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), in the total aggregate principal amount of not more than \$121,522 (the "Series 2002 B Bonds"), to permanently finance the costs of design, acquisition, construction and equipping of the Project, to fund the Series 1975 Bonds Reserve Account, and to pay certain extraordinary expenses and Operating Expenses of the System. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2002 Bonds prior to and during design, acquisition, construction and equipping of the Project and for a period not exceeding 6 months after completion of design, acquisition, construction and equipping of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; funding the Series 1975 Bonds Reserve Account; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents,

depositories or trustees or other costs in connection with the sale of the Series 2002 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2002 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2002 Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreements to be entered into between the Issuer and the Authority (collectively, the "Loan Agreements"), in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1975, dated November 3, 1977, issued in the original aggregate principal amount of \$1,056,000 (the "Series 1975 Bonds") and the Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 28, 1998, issued in the original aggregate principal amount of \$198,016 (the "Series 1998 Bonds") (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the Prior 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.

The Series 2002 A Bonds and the Series 2002 B Bonds shall be issued on a parity with the Prior Bonds and each other with respect to liens, pledge and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service

Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2002 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

"Bonds" means, collectively, the Series 2002 Bonds, the Prior Bonds, and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"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 2002 Bonds for the proceeds representing the purchase price of the Series 2002 Bonds from the Authority.

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

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

"Construction Trust Funds" means, collectively, the Series 2002 A Bonds Construction Trust Fund and the Series 2002 B Bonds Construction Trust Fund.

"Consulting Engineers" means Haworth, Meyer & Boleyn Inc., South Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of design, acquisition, construction and equipping of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"FDIC" means the Federal Deposit Insurance Corporation and 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, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any 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.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreements" means, collectively, the Series 2002 A Bonds Loan Agreement and the Series 2002 B Bonds Loan Agreement.

"Net Proceeds" means the face amount of the Series 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 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 2002 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 as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and Renewal and Replacement Fund have been made to the last monthly payment date prior to the date of such retention.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2002 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds and the Series 1998 Bonds.

"Prior Resolutions" means, collectively, the bond resolution of the Issuer duly adopted March 14, 1977 and December 28, 1998, authorizing the Prior Bonds.

"Prior 1975 Resolution" means the bond resolution of the Issuer duly adopted March 14, 1977:

"Prior 1998 Resolution" means the bond resolution of the Issuer duly adopted December 28, 1998.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association;

Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, 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 6 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Rebate Fund" means the Rebate Fund established by Section 5.01 hereof for the Series 2002 A Bonds.

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof by combining with the Depreciation Reserve established by the Prior Resolutions.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts for the Series 2002 Bonds and the Prior Bonds.

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

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

"Series 1975 Bonds" means the Water Revenue Bonds, Series 1975, of the Issuer as described in Section 1.02G hereof.

"Series 1975 Bonds Reserve Account" means the Series 1975 Bonds Reserve Account established by the Prior Resolutions and continued by Section 5.02 hereof.

"Series 1998 Bonds" means the Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), of the Issuer as described in Section 1.02G hereof.

"Series 1998 Bonds Reserve Account" means the Series 1998 Bonds Reserve Account established by Section 5.02 hereof.

"Series 1998 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 Bonds in the then current or any succeeding year.

"Series 2002 Bonds" means, collectively, the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds" means the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds Construction Trust Fund" means the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 A Bonds Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in the then current or any succeeding year.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2002 B Bonds" means the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority) of the Issuer, authorized by this Resolution.

"Series 2002 B Bonds Construction Trust Fund" means the Series 2002 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 B Bonds Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2002 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 B Bonds in the then current or any succeeding year.

"Series 2002 B Bonds Sinking Fund" means the Series 2002 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2002 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2002 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2002 Bonds, the Prior 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 the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, FUNDING OF RESERVE ACCOUNT AND PAYMENT OF EXPENSES

Section 2.01. Authorization of Design, Acquisition, Construction and Equipping of the Project. There is hereby authorized and ordered the design, acquisition, construction and equipping of the Project, at an estimated cost of \$580,429, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the design, acquisition, construction and equipping of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be \$580,429, which will be obtained from proceeds of the Series 2002 A Bonds.

Section 2.02. Authorization of Funding the Series 1975 Bonds Reserve Account and Payment of Expenses. There is hereby authorized and ordered the funding of the Series 1975 Bonds Reserve Account and the payment of certain extraordinary expenses and Operating Expenses of the System at an estimated cost of \$121,522, in an amount and otherwise compatible with the financing plan submitted to the Authority. The proceeds of the Series 2002 B Bonds hereby authorized shall be applied as provided in Article VI hereof.

The costs of funding the Series 1975 Bonds Reserve Account and the payment of certain extraordinary expenses and Operating Expenses of the System is estimated to be \$121,522, which will be obtained from proceeds of the Series 2002 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2002 Bonds, funding a reserve account for the Series 2002 Bonds, paying Costs of the Project not otherwise provided for, funding the Series 1975 Bonds Reserve Account, paying certain extraordinary expenses and Operating Expenses and paying certain costs of issuance of the Series 2002 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2002 A Bonds and the Series 2002 B Bonds of the Issuer. The Series 2002 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority)," in the principal amount of not more than \$580,429; and the Series 2002 B Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority)" in the principal amount of not more than \$121,522, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 A Bonds, remaining after funding the Series 2002 A Bonds Reserve Account (if funded from Bond proceeds), and capitalizing interest on the Series 2002 A Bonds, shall be deposited in or credited to the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof. The proceeds of the Series 2002 B Bonds, remaining after funding the Series 2002 B Bonds Reserve Account (if funded from Bond proceeds), and capitalizing interest on the Series 2002 B Bonds, shall be deposited in or credited to the Series 2002 B Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002 Bonds shall each be issued in such principal amounts; shall each bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall each mature on such dates and in such amounts; and shall each be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as provided in the Loan Agreements. The Series 2002 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 A Bonds and the Series 2002 B Bonds shall each be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each respective Series 2002 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2002 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Series 2002 Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Series 2002 Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 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 2002 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2002 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 Bonds shall be and

have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2002 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may

pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all the Series 2002 Bonds shall be secured 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 Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2002 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2002 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2002 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2002 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in annual installments on October 1 of each year, commencing October 1, 200__, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 20__.

This Bond is issued (i) to pay the costs of design, acquisition, construction and equipping of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,056,000 (THE "SERIES 1975 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998, DATED DECEMBER 28, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$198,016 (THE "SERIES 1998 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2002 B, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2002 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2002 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the monies in the Series 2002 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expense

of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2002 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2002 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2002.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2002 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in annual installments on October 1 of each year, commencing October 1, 200__, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing ____ 1, _____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2002.

This Bond is issued (i) to fund the Series 1975 Bonds Reserve Account; (ii) to pay certain extraordinary expenses and operating expenses of the System; and (iii) to pay

certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,056,000 (THE "SERIES 1975 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998, DATED DECEMBER 28, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$198,016 (THE "SERIES 1998 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (3) REVENUE BONDS, SERIES 2002 A, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2002 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2002 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 B Bonds Reserve Account an amount

at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2002.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Series 2002 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Series 2002 A Bonds Loan Agreement and the Series 2002 B Bonds shall be sold to the Authority pursuant to the terms and conditions of the Series 2002 B Bonds Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);
- (3) Series 2002 A Bonds Construction Trust Fund;
- (4) Series 2002 B Bonds Construction Trust Fund; and
- (5) Rebate Fund for the Series 2002 A Bonds.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1975 Bonds Reserve Account (established by the Prior Resolutions);
- (2) Series 1998 Bond Reserve Account;
- (3) Series 2002 A Bonds Sinking Fund;
- (4) Series 2002 A Bonds Reserve Account;
- (5) Series 2002 B Bonds Sinking Fund; and
- (6) Series 2002 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross

Revenues derived from the operation of the System shall be deposited upon receipt in the

Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund the current 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 (i) the National Finance Office the amounts required under the Prior 1975 Resolution to pay the interest on the Series 1975 Bonds; (ii) the Commission, commencing 7 months prior to the first date of payment of interest on the Series 2002 A Bonds for which interest has not been capitalized or as required in the Series 2002 A Bonds Loan Agreement, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 A Bonds on the next ensuing semiannual interest payment date; and (iii) the Commission, commencing 7 months prior to the first date of payment of interest on the Series 2002 B Bonds for which interest has not been capitalized or as required in the Series 2002 B Bonds Loan Agreement, for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment dates, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the National Finance Office the amount required under the Prior 1975 Resolution to pay the principal of the Series 1975 Bonds; (ii) the Authority the amount required by the Prior 1998 Resolution to pay the principal of the Series 1998 Bonds; (iii) the Commission, commencing 13 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2002 A Bonds on the next ensuing annual principal payment date; and (iv) the Commission, commencing 13 months prior to the first date of payment of principal of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2002 B

Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment dates, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission for deposit in the Series 1975 Bonds Reserve Account the amount required by the Prior 1975 Resolution to be deposited therein; (ii) the Commission, for deposit in the Series 1998 Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 Bonds Reserve Requirement; (iii) the Commission, commencing 13 months prior to the first date of payment of principal of the Series 2002 A Bonds, if not fully funded upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iv) the Commission, commencing 13 months prior to the first date of payment of principal of the Series 2002 B Bonds, if not fully funded upon issuance of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement.

(5) The Issuer shall next pay, monthly, the Administrative Fee required by the Prior 1998 Resolution;

(6) 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 VIII hereof. Except as otherwise provided in the Prior Resolutions, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency 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.

Monies in the Series 2002 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2002 A Bonds as the same shall become due. Monies in the Series 2002 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2002 A Bonds as the same shall come due, when other monies in the Series 2002 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Monies in the Series 2002 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2002 B Bonds as the same shall become due. Monies in the Series 2002 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2002 B Bonds as the same shall come due, when other monies in the Series 2002 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 2002 A Bonds, and then to the next ensuing principal payments due thereon.

All investment earnings on monies in the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 2002 B Bonds, and then to the next ensuing principal payments due thereon.

Except for transfers to the Rebate Fund permitted hereunder with respect to the Series 2002 A Bonds, any withdrawals from the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account which result in a reduction in the balance of the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account to below the Series 2002 A Bonds Reserve Requirement or the Series 2002 B Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund, the Series 2002 B Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, or the Series 2002 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 1975 Bonds and the Series 1998 Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 A Bonds Sinking Fund, the Series 2002 B Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 B Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except for transfers to the Rebate Fund permitted hereunder with respect to the Series 2002 A Bonds, the Series 2002 A Bonds Sinking Fund, the Series 2002 B Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Series 2002 Bonds Outstanding under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2002 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of

this Bond Legislation. The Issuer shall complete the "Monthly Payment Forms," forms of which are attached to the Loan Agreements and submit a copy of said forms, together with a copy of its respective payment check to the Authority by the 5th day of such calendar month.

C. 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.

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

E. The monies in excess of the 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.

F. If on any monthly payment date the 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 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2002 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall first be deposited with the Commission in the Series 2002 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2002 A Bonds, there shall be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 A Bonds Reserve Account.

C. The remaining monies derived from the sale of the Series 2002 A Bonds shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. From the proceeds of the Series 2002 B Bonds, there shall first be deposited with the Commission in the Series 2002 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

E. Next, from the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 B Bonds Reserve Account.

F. Next, from the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 1975 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution to fully fund the Series 1975 Bonds Reserve Account to the requirement therefor.

G. The remaining monies derived from the sale of the Series 2002 B Bonds shall be deposited with the Depository Bank in the Series 2002 B Bonds Construction Trust Fund and applied solely to payment of certain extraordinary expenses and Operating Expenses of the System in the manner set forth in Section 6.02.

H. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2002 A Bonds Construction Trust Fund and the Series

2002 B Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Funds set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, monies in the Construction Trust Funds shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2002 Bonds.

Section 6.02. Disbursements From the Construction Trust Funds.

Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Construction Trust Funds shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (C) Each of such costs has been otherwise properly incurred; and
- (D) Payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the respective Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the respective Construction Trust Funds shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Trust Funds. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, monies in the Construction Trust Funds, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs of the Project have been paid, the Depository Bank shall transfer any monies remaining in the Series 2002 A Bonds Construction Trust Fund to the Series 2002 A Bonds Reserve Account and any monies remaining in the Series 2002 B Bonds Construction Trust Fund to the Series 2002 B Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 2002 Bonds be deposited in the respective Reserve Accounts, and when such Reserve Accounts are fully funded, shall return such remaining monies to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such monies in full, first to the next ensuing interest payments due on the respective

Series 2002 Bonds and thereafter to the next ensuing principal payments due thereon. The Issuer shall expend all proceeds of the Series 2002 Bonds within 3 years of the date of issuance of the Authority's Bonds, the proceeds of which were used to make the loans to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2002 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2002 Bonds shall be secured 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 Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2002 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision entered April 26, 2002, made final by the Commission Order of the Public Service Commission of West Virginia entered June 27, 2002, respectively, in Case No. 01-0363-PWD-19A and such rates are hereby adopted.

So long as the Series 2002 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take

all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreements. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2002 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

Section 7.05. 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 2002 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds for the Series 2002 Bonds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 Bonds. Any balance remaining after the payment of the Series 2002 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, 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 \$10,000, the Issuer shall, by resolution duly adopted, 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 \$10,000 but not in excess of \$50,000, 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 in accordance with

the laws of the State. The proceeds derived from any such sale be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, 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 2002 Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 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 2002 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 2002 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 2002 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions) and with the prior written consent of the Authority.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 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 the Series 2002 Bonds issued pursuant hereto, or both such purposes.

So long as the Series 1975 Bonds are outstanding, 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 Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1975 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1975 Bonds are no longer outstanding, the following parity requirement shall be met:

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 Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 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 Independent Certified Public Accountants, 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 Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. 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 Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002 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 2002 Bonds.

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

Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

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

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

The Issuer shall keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Authority, or any other original purchaser of the Series 2002 Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 2002 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2002 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Prior Bonds, provided that, in the event an amount equal to or in excess of the reserve requirement is on deposit respectively in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2002 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

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

Commencing on the date contracts are executed for the design, acquisition, construction and equipping of the Project and for two years following the completion of the Project, the Issuer shall each month complete "Monthly Financial Reports," forms of which

are attached to the Loan Agreements, and forward a copy of such report to the Authority by the 10th day of each month.

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreements.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer shall not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants

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

Section 7.14. No Free Services. The Issuer shall not render or cause to be rendered any free services of any nature by the System, nor shall 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 of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreements, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer 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.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors and subcontractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreements so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the design, acquisition, construction and equipping of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the design, acquisition, construction and equipping of the Project, the operation of the System and all approvals for issuance of the Series 2002 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. 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 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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 2002 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2002 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2002 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 2002 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer shall timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 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 shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2002 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 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 2002 Bonds, and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Act, the Loan Agreements and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the design, acquisition, construction and equipping of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2002 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2002 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Rebate Fund. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2002 A Bonds which would cause the Series 2002 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and 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 2002 A Bonds) so that the interest on the Series 2002 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 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2002 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 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 Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be 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. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer 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 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 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 the required rebate amount, any and all interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2002 Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2002 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2002 A Bonds (as such term "gross proceeds" is defined in the Code).

Section 8.04. Certificate as to the Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2002 B Bonds as a condition to issuance of the Series 2002 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2002 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2002 B which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code; issued by the Authority, from which the proceeds of the Series 2002 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2002 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2002 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If the Issuer defaults on the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2002 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2002 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2002 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2002 Bonds, or the rights of such Registered Owners, provided that, all rights and remedies of the Holders of the Series 2002 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2002 Bond may, by proper legal action, compel the performance of the duties of the

Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the design, acquisition, construction and equipping of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and

making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2002 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

Series 2002 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 Commission at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2002 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 2002 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 Commission or its agent, 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 other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2002 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission 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 installments of and interest on said Series 2002 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, 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 installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2002 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2002 Bonds.

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

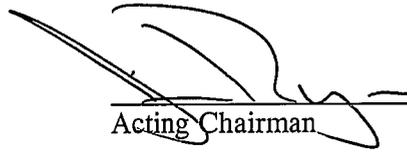
Section 11.05. Conflicting Provisions Repealed. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of

any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

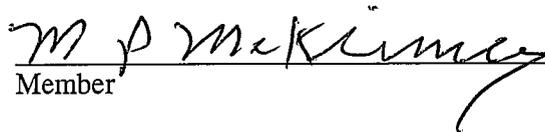
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, 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 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 5th day of August, 2002.



Acting Chairman



Member



Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of LINCOLN PUBLIC SERVICE DISTRICT on the 5th day of August, 2002.

Dated: August 6, 2002.

[SEAL]


Secretary

07/29/02
523780.00001

CH518494.1

EXHIBIT A

Loan Agreement

(See Tab No. 3)

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND THE WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF LINCOLN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Board (the "Board") of the Lincoln Public Service District (the "Issuer") has duly and officially adopted a bond resolution on August 5, 2002 (the "Bond Resolution") entitled:

RESOLUTION AUTHORIZING THE DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT, FUNDING OF THE RESERVE ACCOUNT OF THE SERIES 1975 BONDS OUTSTANDING, PURCHASING EQUIPMENT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$580,429 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN \$121,522 IN AGGREGATE

PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), of the Issuer (collectively, the "Series 2002 Bonds" and individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds"), in the respective aggregate principal amounts not to exceed \$580,429 and \$121,522, respectively, and has authorized the execution and delivery of the loan agreements relating to the Series 2002 Bonds (the "Loan Agreements"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale price and other terms of the Series 2002 Bonds should be established by a supplemental resolution pertaining to the Series 2002 Bonds; and that other matters relating to the Series 2002 Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Series 2002 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements; and

WHEREAS, the Board deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and entered into by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal

payment dates and the sale price of the Series 2002 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2002 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE LINCOLN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$580,429. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2039, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, beginning October 1, 2002. The Series 2002 A Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2003, and ending October 1, 2039, and in the amounts as set forth in the "Schedule Y" attached to the Series 2002 A Bonds Loan Agreement and incorporated in and made a part of the Series 2002 A Bonds. The Series 2002 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium and otherwise in compliance with the Series 2002 A Bonds Loan Agreement, as long as the Authority shall be the registered owner of the Bonds.

B. Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$121,522. The Series 2002 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2039, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, beginning October 1, 2002. The Series 2002 B Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2003, and ending October 1, 2039, and in the amounts as set forth in the "Schedule Y" attached to the Series 2002 B Bonds Loan Agreement and incorporated in and made a part of the Series 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium and otherwise in compliance with the Series 2002 B Bonds Loan Agreement, as long as the Authority shall be the registered owner of the Bonds.

Section 2. All other provisions relating to the Series 2002 Bonds and the text of the Series 2002 Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman, and the performance of the obligations

contained therein, on behalf of the Issuer are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the application to the Authority. The price of the Series 2002 Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2002 Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2002 Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2002 Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Community Trust Bank, Alum Creek, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2002 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2002 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2002 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2002 A Bonds shall be deposited in the Series 2002 A Bonds Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 2002 A Bonds and related costs.

Section 10. Series 2002 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2002 B Bonds Sinking Fund as capitalized interest.

Section 11. Series 2002 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 12. Series 2002 B Bonds proceeds in the amount of \$62,220 shall be deposited in the Series 1975 Bonds Reserve Account to fully fund such account to the requirement therefor.

Section 13. The balance of the proceeds of the Series 2002 B Bonds shall be deposited in the Series 2002 B Bonds Construction Trust Fund for payment of certain

extraordinary expenses and Operating Expenses of the System and costs of issuance of the Series 2002 B Bonds and related costs.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2002 Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Series 2002 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about August 6, 2002.

Section 15. The design, acquisition, construction and equipping of the Project and the financing thereof in part with proceeds of the Series 2002 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

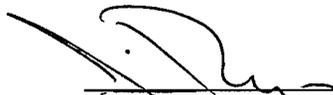
Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer shall not permit at any time or times any of the proceeds of the Series 2002 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2002 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2002 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 18. The Issuer hereby approves and accepts all contracts relating to the financing, design, acquisition, construction and equipping of the Project.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of August, 2002.



Acting Chairman



Member



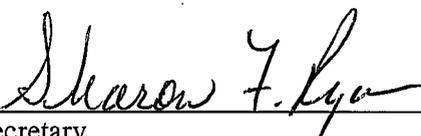
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of LINCOLN PUBLIC SERVICE DISTRICT on the 5th day of August, 2002.

Dated: August 6, 2002

[SEAL]


Secretary

07/29/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1975

SUPPLEMENTAL RESOLUTION TO 1975 BOND RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR
TRANSFER OF THE RESERVE ACCOUNT FOR SERIES
1975 BONDS AND AMENDMENT OF PRIOR
RESOLUTION TO EFFECT SUCH TRANSFER

WHEREAS, Lincoln Public Service District (the "Issuer") has previously issued its Water Revenue Bonds, Series 1975, dated November 3, 1977, issued in the original aggregate principal amount of \$1,056,000 (the "Series 1975 Bonds"), which are held by the United States Department of Agriculture (the "Purchaser");

WHEREAS, the Series 1975 Bonds are secured by a reserve account pledged for the payment of principal of and interest on the Series 1975 Bonds (hereinafter, the "Series 1975 Bonds Reserve Account"), which account is held by Community Trust Bank, Alum Creek, West Virginia (the "Depository Bank") pursuant to the resolution of the Issuer adopted on March 14, 1977, authorizing the Series 1975 Bonds (the "Prior 1975 Resolution");

WHEREAS, the Purchaser has requested that the Issuer transfer the monies in the Series 1975 Bonds Reserve Account from the Depository Bank to the West Virginia Municipal Bond Commission (the "Commission");

WHEREAS, the Prior 1975 Resolution provides that it may be amended by supplemental resolution with the prior written consent of the Purchaser and such consent has been received by the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted;

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

Section 1. The Issuer hereby approves the transfer of the Series 1975 Bonds Reserve Account from the Depository Bank to the Commission.

Section 2. The Issuer hereby approves the amendment of the Prior 1975 Resolution as follows:

- A. The Series 1975 Bonds Reserve Account is held by the Commission.
- B. The Commission is designated as the Fiscal Agent for the administration of the Series 1975 Bonds Reserve Account as herein provided, and all amounts required for the Series 1975 Bonds Reserve Account will be deposited therein by the Issuer upon transfer of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.
- C. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payment with respect to the Series 1975 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.
- D. Monies in the Series 1975 Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.
- E. Earnings from monies in Series 1975 Bonds Reserve Account, so long as the reserve requirement is on deposit in such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.
- F. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.
- G. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which amount is to be deposited.

Section 3. The Series 1975 Bonds Reserve Account shall be transferred to the Commission, and the aforementioned amendments relating to the Series 1975 Bonds Reserve Account shall become effective, on or before August 6, 2002.

Section 4. This Supplemental Resolution shall be effective immediately following adoption hereof.

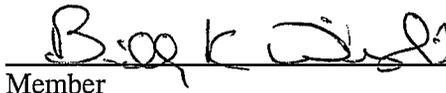
Adopted this 5th day of August, 2002.



Acting Chairman



Member



Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of LINCOLN PUBLIC SERVICE DISTRICT on the 5th day of August, 2002.

Dated: August 6, 2002

[SEAL]


Secretary

07/29/02
523780.00001

WDA-LP II
(03/26/02)

LOAN AGREEMENT

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

LINCOLN PUBLIC SERVICE DISTRICT
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program, known as Loan Program II (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bonds," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto.

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

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by

the particular contract as security for the faithful performance of such contract and shall verify or shall have verified such bonds prior to commencement of construction.

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

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

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds

of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless

and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof

(which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

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

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

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

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local

Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

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

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

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

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

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

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

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

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax or arbitrage certificate satisfactory to the Authority; and

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

or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

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

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

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal

fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

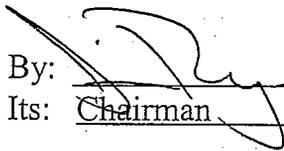
(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

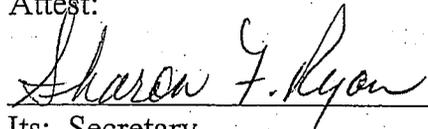
LINCOLN PUBLIC SERVICE DISTRICT
[Name of Governmental Agency]

(SEAL)

By: 
Its: Chairman

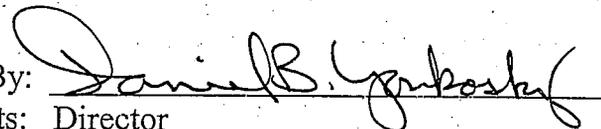
Attest:

Date: August 6, 2002


Its: Secretary

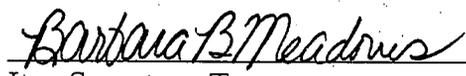
WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: 
Its: Director

Attest:

Date: August 6, 2002


Its: Secretary-Treasurer

00832/00302
03/26/02

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

Schedule A attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of ___% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.
3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.
6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$580,429

Purchase Price of Local Bonds \$580,429

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

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

Water Revenue Bonds, Series 1975, dated November 3, 1977, issued in the original principal amount of \$1,056,000 and the Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 28, 1998, issued in the original principal amount of \$198,016.

SCHEDULE Y

Lincoln Public Service District
WDA Loan (Loan Program II, 1999 Series A) of \$580,429
5.8% Interest Rate
Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	5,143.25	5,143.25
4/01/2003	-	-	16,832.44	16,832.44
10/01/2003	4,773.00	5.800%	16,832.44	21,605.44
4/01/2004	-	-	16,694.02	16,694.02
10/01/2004	5,050.00	5.800%	16,694.02	21,744.02
4/01/2005	-	-	16,547.57	16,547.57
10/01/2005	5,343.00	5.800%	16,547.57	21,890.57
4/01/2006	-	-	16,392.63	16,392.63
10/01/2006	5,653.00	5.800%	16,392.63	22,045.63
4/01/2007	-	-	16,228.69	16,228.69
10/01/2007	5,980.00	5.800%	16,228.69	22,208.69
4/01/2008	-	-	16,055.27	16,055.27
10/01/2008	6,327.00	5.800%	16,055.27	22,382.27
4/01/2009	-	-	15,871.79	15,871.79
10/01/2009	6,694.00	5.800%	15,871.79	22,565.79
4/01/2010	-	-	15,677.66	15,677.66
10/01/2010	7,083.00	5.800%	15,677.66	22,760.66
4/01/2011	-	-	15,472.25	15,472.25
10/01/2011	7,493.00	5.800%	15,472.25	22,965.25
4/01/2012	-	-	15,254.96	15,254.96
10/01/2012	7,928.00	5.800%	15,254.96	23,182.96
4/01/2013	-	-	15,025.05	15,025.05
10/01/2013	8,388.00	5.800%	15,025.05	23,413.05
4/01/2014	-	-	14,781.79	14,781.79
10/01/2014	8,874.00	5.800%	14,781.79	23,655.79
4/01/2015	-	-	14,524.45	14,524.45
10/01/2015	9,389.00	5.800%	14,524.45	23,913.45
4/01/2016	-	-	14,252.17	14,252.17
10/01/2016	9,933.00	5.800%	14,252.17	24,185.17
4/01/2017	-	-	13,964.11	13,964.11
10/01/2017	10,510.00	5.800%	13,964.11	24,474.11
4/01/2018	-	-	13,659.32	13,659.32
10/01/2018	11,119.00	5.800%	13,659.32	24,778.32
4/01/2019	-	-	13,336.87	13,336.87
10/01/2019	11,764.00	5.800%	13,336.87	25,100.87
4/01/2020	-	-	12,995.71	12,995.71
10/01/2020	12,446.00	5.800%	12,995.71	25,441.71
4/01/2021	-	-	12,634.78	12,634.78
10/01/2021	13,168.00	5.800%	12,634.78	25,802.78
4/01/2022	-	-	12,252.91	12,252.91
10/01/2022	13,932.00	5.800%	12,252.91	26,184.91
4/01/2023	-	-	11,848.88	11,848.88
10/01/2023	14,740.00	5.800%	11,848.88	26,588.88
4/01/2024	-	-	11,421.42	11,421.42
10/01/2024	15,595.00	5.800%	11,421.42	27,016.42
4/01/2025	-	-	10,969.16	10,969.16
10/01/2025	16,500.00	5.800%	10,969.16	27,469.16

Lincoln Public Service District
WDA Loan (Loan Program II, 1999 Series A) of \$580,429
5.8% Interest Rate
Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P&I
4/01/2026	-	-	10,490.66	10,490.66
10/01/2026	17,457.00	5.800%	10,490.66	27,947.66
4/01/2027	-	-	9,984.41	9,984.41
10/01/2027	18,469.00	5.800%	9,984.41	28,453.41
4/01/2028	-	-	9,448.81	9,448.81
10/01/2028	19,540.00	5.800%	9,448.81	28,988.81
4/01/2029	-	-	8,882.15	8,882.15
10/01/2029	20,674.00	5.800%	8,882.15	29,556.15
4/01/2030	-	-	8,282.60	8,282.60
10/01/2030	21,873.00	5.800%	8,282.60	30,155.60
4/01/2031	-	-	7,648.29	7,648.29
10/01/2031	23,141.00	5.800%	7,648.29	30,789.29
4/01/2032	-	-	6,977.20	6,977.20
10/01/2032	24,484.00	5.800%	6,977.20	31,461.20
4/01/2033	-	-	6,267.16	6,267.16
10/01/2033	25,904.00	5.800%	6,267.16	32,171.16
4/01/2034	-	-	5,515.95	5,515.95
10/01/2034	27,406.00	5.800%	5,515.95	32,921.95
4/01/2035	-	-	4,721.17	4,721.17
10/01/2035	28,995.00	5.800%	4,721.17	33,716.17
4/01/2036	-	-	3,880.32	3,880.32
10/01/2036	30,677.00	5.800%	3,880.32	34,557.32
4/01/2037	-	-	2,990.68	2,990.68
10/01/2037	32,457.00	5.800%	2,990.68	35,447.68
4/01/2038	-	-	2,049.43	2,049.43
10/01/2038	34,339.00	5.800%	2,049.43	36,388.43
4/01/2039	-	-	1,053.60	1,053.60
10/01/2039	36,331.00	5.800%	1,053.60	37,384.60
Total	580,429.00	-	846,915.91	1,427,344.91

YIELD STATISTICS

Bond Year Dollars.....	\$14,602.00
Average Life.....	25.157 Years
Average Coupon.....	5.8000003%
Net Interest Cost (NIC).....	5.8000003%
True Interest Cost (TIC).....	5.8007022%
Bond Yield for Arbitrage Purposes.....	5.8007022%
All Inclusive Cost (AIC).....	5.8007022%
IRS FORM 8038	
Net Interest Cost.....	5.8000003%
Weighted Average Maturity.....	25.157 Years

Ferris, Baker Watts
West Virginia Public Finance Office

File = wdalns99.sf-Lincoln County PSD 2
7/25/2002 3:40 PM

SCHEDULE Z

None.

WDA-SF
(08/02/02)

LOAN AGREEMENT

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

LINCOLN PUBLIC SERVICE DISTRICT
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto.

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

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined,

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

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion

of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount

and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Authority.

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

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which

shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall

not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

(xvii) That, if required by the Authority, the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

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

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

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

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

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

(xxv) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other

public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

(xxviii) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such

reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

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

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

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

4.6 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority.

ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local

Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.5 Notwithstanding Section 6.4, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

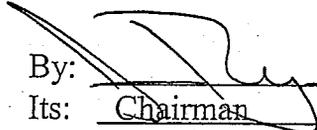
(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

LINCOLN PUBLIC SERVICE DISTRICT
[Name of Governmental Agency]

(SEAL)

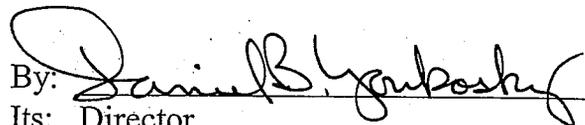
By: 
Its: Chairman
Date: August 6, 2002

Attest:

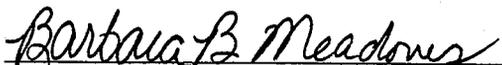

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: 
Its: Director
Date: August 6, 2002

Attest:


Its: Secretary-Treasurer

00832/00302
08/02/02

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

Schedule A attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of ___% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$121,522

Purchase Price of Local Bonds \$121,522

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8 per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

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

Water Revenue Bonds, Series 1975, dated November 3, 1977, issued in the original principal amount of \$1,056,000 and the Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 28, 1998, issued in the original principal amount of \$198,016.

SCHEDULE Y

Lincoln Public Service District
WDA Supplemental Loan of \$121,522

5.8% Interest Rate

Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Date	Principal	coupon	Interest	Total P+I
10/01/2002	-	-	1,076.82	1,076.82
4/01/2003	-	-	3,524.14	3,524.14
10/01/2003	999.00	5.800%	3,524.14	4,523.14
4/01/2004	-	-	3,495.17	3,495.17
10/01/2004	1,057.00	5.800%	3,495.17	4,552.17
4/01/2005	-	-	3,464.51	3,464.51
10/01/2005	1,119.00	5.800%	3,464.51	4,583.51
4/01/2006	-	-	3,432.06	3,432.06
10/01/2006	1,183.00	5.800%	3,432.06	4,615.06
4/01/2007	-	-	3,397.76	3,397.76
10/01/2007	1,252.00	5.800%	3,397.76	4,649.76
4/01/2008	-	-	3,361.45	3,361.45
10/01/2008	1,325.00	5.800%	3,361.45	4,686.45
4/01/2009	-	-	3,323.02	3,323.02
10/01/2009	1,402.00	5.800%	3,323.02	4,725.02
4/01/2010	-	-	3,282.37	3,282.37
10/01/2010	1,483.00	5.800%	3,282.37	4,765.37
4/01/2011	-	-	3,239.36	3,239.36
10/01/2011	1,569.00	5.800%	3,239.36	4,808.36
4/01/2012	-	-	3,193.86	3,193.86
10/01/2012	1,660.00	5.800%	3,193.86	4,853.86
4/01/2013	-	-	3,145.72	3,145.72
10/01/2013	1,756.00	5.800%	3,145.72	4,901.72
4/01/2014	-	-	3,094.79	3,094.79
10/01/2014	1,858.00	5.800%	3,094.79	4,952.79
4/01/2015	-	-	3,040.91	3,040.91
10/01/2015	1,966.00	5.800%	3,040.91	5,006.91
4/01/2016	-	-	2,983.90	2,983.90
10/01/2016	2,080.00	5.800%	2,983.90	5,063.90
4/01/2017	-	-	2,923.58	2,923.58
10/01/2017	2,200.00	5.800%	2,923.58	5,123.58
4/01/2018	-	-	2,859.78	2,859.78
10/01/2018	2,328.00	5.800%	2,859.78	5,187.78
4/01/2019	-	-	2,792.27	2,792.27
10/01/2019	2,463.00	5.800%	2,792.27	5,255.27
4/01/2020	-	-	2,720.84	2,720.84
10/01/2020	2,606.00	5.800%	2,720.84	5,326.84
4/01/2021	-	-	2,645.26	2,645.26
10/01/2021	2,757.00	5.800%	2,645.26	5,402.26
4/01/2022	-	-	2,565.31	2,565.31
10/01/2022	2,917.00	5.800%	2,565.31	5,482.31
4/01/2023	-	-	2,480.72	2,480.72
10/01/2023	3,086.00	5.800%	2,480.72	5,566.72
4/01/2024	-	-	2,391.22	2,391.22
10/01/2024	3,265.00	5.800%	2,391.22	5,656.22
4/01/2025	-	-	2,296.54	2,296.54
10/01/2025	3,455.00	5.800%	2,296.54	5,751.54

Lincoln Public Service District
WDA Supplemental Loan of \$121,522
5.8% Interest Rate
Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	2,196.34	2,196.34
10/01/2026	3,655.00	5.800%	2,196.34	5,851.34
4/01/2027	-	-	2,090.35	2,090.35
10/01/2027	3,867.00	5.800%	2,090.35	5,957.35
4/01/2028	-	-	1,978.21	1,978.21
10/01/2028	4,091.00	5.800%	1,978.21	6,069.21
4/01/2029	-	-	1,859.57	1,859.57
10/01/2029	4,328.00	5.800%	1,859.57	6,187.57
4/01/2030	-	-	1,734.06	1,734.06
10/01/2030	4,579.00	5.800%	1,734.06	6,313.06
4/01/2031	-	-	1,601.26	1,601.26
10/01/2031	4,845.00	5.800%	1,601.26	6,446.26
4/01/2032	-	-	1,460.76	1,460.76
10/01/2032	5,126.00	5.800%	1,460.76	6,586.76
4/01/2033	-	-	1,312.11	1,312.11
10/01/2033	5,423.00	5.800%	1,312.11	6,735.11
4/01/2034	-	-	1,154.84	1,154.84
10/01/2034	5,738.00	5.800%	1,154.84	6,892.84
4/01/2035	-	-	988.44	988.44
10/01/2035	6,071.00	5.800%	988.44	7,059.44
4/01/2036	-	-	812.38	812.38
10/01/2036	6,423.00	5.800%	812.38	7,235.38
4/01/2037	-	-	626.11	626.11
10/01/2037	6,795.00	5.800%	626.11	7,421.11
4/01/2038	-	-	429.06	429.06
10/01/2038	7,189.00	5.800%	429.06	7,618.06
4/01/2039	-	-	220.57	220.57
10/01/2039	7,606.00	5.800%	220.57	7,826.57
Total	121,522.00	-	177,314.02	298,836.02

YIELD STATISTICS

Bond Year Dollars.....	\$3,057.14
Average Life.....	25.157 Years
Average Coupon.....	5.8000027%
Net Interest Cost (NIC).....	5.8000027%
True Interest Cost (TIC).....	5.8007040%
Bond Yield for Arbitrage Purposes.....	5.8007040%
All Inclusive Cost (AIC).....	5.8007040%
IRS FORM 8038	
Net Interest Cost.....	5.8000027%
Weighted Average Maturity.....	25.157 Years

SCHEDULE Z

None.

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of June, 2002.

CASE NO. 01-0363-PWD-19A

LINCOLN PUBLIC SERVICE DISTRICT,
a public utility.

Rule 19A application to increase water rates.

COMMISSION ORDER

On March 15, 2001, Lincoln Public Service District (District) filed a Rule 19A application requesting Commission approval of an increase in its water rates and charges, a waiver of the Rule 42 filing requirements, an interim rate increase to be determined by Commission Staff and approval of a loan from the West Virginia Water Development Authority (WDA).

On March 27, 2001, Staff Attorney Cassius H. Toon filed an Initial Joint Staff Memorandum to which was attached the Initial Memorandum prepared by Joseph A. Marakovits, Technical Analyst III, Engineering Division, and Charles Knurek, Senior Utilities Analyst, Water and Wastewater Division. Staff recommended that the District's request for a waiver of the Rule 42 filing requirements be granted and that an across-the-board interim rate increase of 4.2% be approved, subject to refund, if the final approved rates are less than the interim rates. Staff's recommended interim rate increase would provide additional operating revenues of \$23,570, with a cash flow surplus of \$92.

In a letter filed April 5, 2001, the District responded to Staff's Initial Joint Staff Memorandum indicating that the 4.2% interim rate increase would not be sufficient to maintain the District's daily operations and requesting that the Commission consider an interim rate increase of 8%.

On April 16, 2001, Staff filed a Further Joint Staff Memorandum recommending an interim rate increase of 8%.

By Order dated May 4, 2001, the Commission granted the District's request for a waiver of the Rule 42 filing requirements and approved an across-the-board interim increase of 8%, subject to refund, if the finally approved rates are less than the interim rates. Said

Order required the District to publish notice of the increased rates by publishing a copy of the Staff-recommended interim rates in newspapers, duly qualified by the Secretary of State, published and of general circulation in each of the counties that the District serves.

By Order dated May 4, 2001, this case was referred to the Division of Administrative Law Judges for a decision to be rendered on or before October 11, 2001.

On May 25, 2001, the District submitted proper affidavits of publication reflecting that the Staff-recommended interim rates had been published, in accordance with the Commission's requirements, in Lincoln and Kanawha Counties. The dates of publication were May 16, 2001, in Lincoln County, and May 11, 2001, in Kanawha County.

By Procedural Order dated June 7, 2001, the case number was changed as recommended by Commission Staff and Commission Staff. They were directed to file a report on or before July 16, 2001.

On July 16, 2001, the District requested a 90-day extension of the Staff Report due date and the Administrative Law Judge's decision due date. The District also requested additional interim rate relief.

By Commission Order dated July 17, 2001, the Administrative Law Judge's decision due date was extended until January 10, 2002. No new due date was set for the filing of the Staff Report in this case.

In September of 2001, extensive protests were filed to the interim rate increase and any additional rate increase.

By Order dated September 28, 2001, Commission Staff was ordered to file with the Commission its Staff report containing the Staff-recommended rates in this case on or before October 15, 2001.

On October 1, 2001, the District filed a letter in which it explained that Staff and the District had discussed this case and concluded that, in order for the District to obtain the rates necessary to meet its going-level needs for the 19A case and obtain rates necessary to meet the project needs for its pending certificate case, Case No. 01-0151-PWD-CN, Staff must first complete its Staff Report and recommendations in the 19A case. After the 19A rate increase is determined, Staff can determine the additional rate increase that will become effective at the conclusion of the proposed construction. The Staff assigned to the 19A case indicated that the Staff Report and the 19A recommendations would be completed by the end of October 2001; at which time the Staff could complete its recommendations for the rates that will be necessary for the construction project.

The hearing on the certificate case had been scheduled for October 17, 2001, and the Notice of Hearing for that case had already been published. In light of the need for additional processing time for the certificate case in conjunction with the 19A case, the District and Staff requested that the hearing scheduled for October 17, 2001, be limited in scope to hearing the public protests concerning the District's application. The evidentiary hearing on the application was to be continued to a later date, after publication of the proposed rates in the 19A case. If a hearing was necessary for the 19A case, perhaps a joint hearing, in which the public would also be heard, could be scheduled for the evidentiary portion of both cases.

By Order dated October 5, 2001, the instant case and Case No. 01-0151-PWD-CN were consolidated and the motion to turn the hearing set for October 17, 2001, into a protest hearing only was granted.

On October 15, 2001, counsel for the District filed a joint motion of the Staff of the Public Service Commission and the Lincoln Public Service District to extend the Staff report due date. In support of its motion, Staff explained that in spite of a voluminous work load it was making every effort to complete its rate case recommendations. However, it needed an extension of the October 15, 2001 deadline for issuing its Staff report in this case. The parties requested an extension of time until the end of October in which to file the Staff report.

By Procedural Order entered on October 16, 2001, the joint motion was granted and the deadline for Staff to file its report in the 19A case was extended to October 31, 2001.

On October 31, 2001, Staff Attorney Toon filed motions requesting extensions of the Staff report due date and the Administrative Law Judge's decision due date. Staff requested that it be permitted to file its report on November 15, 2001.

By Commission Order dated November 1, 2001, the Administrative Law Judge's decision due dates in Case Nos. 01-0151-PWD-CN and 01-0363-PWD-19A were both extended until March 7, 2002.

On November 16, 2001, the District filed a motion requesting that a hearing on the two consolidated cases be scheduled, noting that Staff had not filed its report on November 15, 2001.

On December 3, 2001, Commission Staff filed its report in Case No. 01-0363-PWD-19A, recommending approval of a 16.7% increase to the District's interim rates and charges and approval of a WDA loan in the amount of \$701,951.

On December 10, 2001, Commission Staff filed a motion requesting an additional extension of the Administrative Law Judge's decision due date.

By Order dated December 11, 2001, the Administrative Law Judge's decision due date in Case No. 01-0363-PWD-19A was extended to April 12, 2002, and by Corrective Order, dated December 12, 2001, the due date was further extended to June 12, 2002.

By Order dated December 18, 2001, Case No. 01-0363-PWD-19A was set for a hearing to be held at the Midway Elementary School, Route 214, Corridor G, Alum Creek, West Virginia, on February 28, 2002, at 6:30 p.m. Said Order also required that the District give notice to its customers of the Staff-recommended increased water rates and charges and Notice of Hearing by publishing a copy of the Tariff Form No. 10 and Notice of Hearing, attached thereto as Appendix A, once a week for two (2) consecutive weeks, in newspapers, duly qualified by the Secretary of State, published and of general circulation in both Lincoln and Kanawha Counties.

On January 9, 2002, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum in Case No. 01-0151-PWD-CN, to which was attached the Final Internal Memorandum prepared by Mr. William A. Nelson, Utilities Analyst, Water and Wastewater Division, and Ms. Audra L. Blackwell, Technical Analyst I, Engineering Division. Staff noted that, originally, the District proposed a 9.5% increase in rates to fund the project and related expenses. This was prior to Staff's rate review in Case No. 01-0363-PWD-19A. This rate review established higher rates at going level than those proposed at pro forma. Staff utilized the bill analysis from the Rule 19A rate cases to project revenues and determine rates at pro forma. The District's pro forma bill analysis reflected a total of 140 new customers with a usage of 4,500 gallons each, per month. Based on this bill analysis, Staff recommended a 5.8% increase to the District's rates as a result of the project in Case No. 01-0151-PWD-CN. These recommended rates would generate annual operating revenues of approximately \$101,848 over the going-level rates established in the rate case. The additional revenues would cover the project-related expenses and provide a pro forma surplus of approximately \$1,674 and a debt coverage of 116.21%. Staff recommended approval of the District's certificate application; acceptance of the RUS grant and the RUS loan; and Staff's recommended rates and charges.

On January 18, 2002, Lincoln Public Service District provided affidavits of publication for the 19A rates and hearing as required by the Commission for Lincoln County, indicating publication on January 9 and 16, 2002. The District indicated that it was still awaiting the affidavit of publication from the Kanawha County newspaper, which was published in The Charleston Daily Mail on January 9 and 16, 2002.

On January 23, 2002, Counsel for the District filed a motion for a change of venue of the hearing scheduled to be held in Alum Creek, West Virginia, on February 28, 2002. Counsel's reasons for the request was due to acts of vandalism made against the District's General Manager's vehicle and, since this matter has been heavily protested, it may be difficult to provide security at the Alum Creek hearing site. The District requested that the site of the hearing be changed to the Public Service Commission's offices in Charleston, West Virginia.

Also, on January 23, 2002, the District filed a motion to modify the procedural schedule established for the filing of the transcript and briefs, after the previously scheduled February 28, 2002 hearing, to expedite the handling of these cases,

In a motion filed January 24, 2002, Staff Attorney Cassius H. Toon moved for a rescheduling of the hearing set for February 28, 2002, citing that the Staff Attorney and Engineer had a scheduling conflict with another Commission case.

In a letter also filed January 24, 2002, the District filed an affidavit of publication for Kanawha County indicating that publication had been made in accordance with the Commission's requirements, with publication on January 9 and 16, 2002, as previously represented.

On January 28, 2002, the District filed a response to Staff's motion to reschedule the hearing, asking that the hearing be rescheduled within a week of the current hearing date, due to timing and funding needs of the certificate proceeding.

By Order dated February 1, 2002, this matter was set for a hearing to be held on March 13, 2002. Case Nos. 01-0151-PWD-CN and 01-0363-PWD-19A were separated for further processing and the rate issues in the certificate proceeding were transferred to the rate case. The District was ordered to give notice of the higher Staff rates in the certificate proceeding by publication.

By Order dated February 15, 2002, the hearing scheduled for March 13, 2002, was cancelled and rescheduled for a hearing to be held on March 9, 2002. The District was directed to publish a notice of the rescheduled hearing.

By Recommended Decision dated February 22, 2002, in Case No. 01-0151-PWD-CN, a certificate of convenience and necessity was granted to the District to construct and operate the Garretts Bend/Molly Branch project, conditioned upon the approval of rates in Case No. 01-0363-PWD-19A adequate to support the project.

On February 26 and March 1, 18, and 21, 2002, the District filed affidavits of publication verifying compliance with all publication requirements.

The hearing was held as scheduled on March 9, 2002. The District appeared by its counsel, Susan Riggs, Grant Schuman and Lee Feinberg, Esquires. Commission Staff was represented by Staff Attorney Cassius H. Toon. The District submitted the affidavits for the last publication made by the District for the Notice of Hearing. The publications were made on February 27 and March 6, 2002. Mr. Gary McMillen, Mr. Bryant Bowman and Mr. Dale Pauley were granted intervenor status by being allowed to ask questions of the Staff's witnesses. (Tr. pp. 25-26; 90-93).

Commission Staff waived the right to file a brief, but reserved its right to reply if something was filed. The District also waived briefing but reserved the right to reply if something was filed. No briefs were filed in this case. (Tr. pp. 116-118).

On March 22, 2002, the District, by counsel, petitioned the Public Service Commission to (1) grant the District an emergency 16.7% rate increase and (2) to permit the District to enter into a short-term loan arrangement with the WDA. In support of its petition, the District explained that the delay in processing this case has threatened the financial stability of the District as it is unable to make the monthly principal and interest payments of \$5,184, due March 1, 2002, on the 1977 RUS loan and is now in monetary default on that loan. In addition, the District only has enough cash available to pay some of its operating expenses. By falling into monetary default, the District will not be able to close on the RUS loan for the new Garrets's Bend/Molly Branch project.

In addition, the District requested permission to accept a short-term loan from either the Lincoln County Commission or the Lincoln County Economic Development Authority in an amount not to exceed \$21,000, which will allow the District to make its past due principal and interest payments. At the closing of the WDA loan, the District will receive approximately \$14,096 as a reimbursement for previous capital expenditures and will use this money to partially repay the County loan.

Proceeds from the County loan will be used to make two lease/purchase payments. These payments under the lease/purchase agreement are capital expenditures which can be reimbursed from the proceeds of the WDA loan, and those funds will be used to repay the remaining balance of the County loan.

On March 28, 2002, the Intervenors filed an objection to the District's petition for emergency rate relief and approval of a short-term loan. The petition presented no facts or reasons that would preclude granting the District permission to enter into a short-term loan.

On April 10, 2002, the District submitted a supplemental filing regarding its petition for emergency rate relief and approval of a short-term loan, which included the Lincoln Economic Development Authority's (LEDA) resolution relating to the provisions of the short-term loan to the Lincoln Public Service District. The LEDA will loan the District a principal sum up to \$21,000, without interest, payable in full 90 days from the date of the loan, to be evidenced by a promissory note, secured by the pledge of the District of up to \$21,000 of the proceeds of the WDA loan.

On April 18, 2002, the District petitioned the Commission for an immediate Commission Order to grant an emergency rate increase and permit the District to enter into a short-term loan.

By Order dated April 19, 2002, the Commission approved on an interim basis, subject to refund, the 16.7% Staff-recommended rate increase. The Commission also approved the District's request for a loan from the Lincoln Economic Development Authority in the amount of \$21,000 at zero percent (0%) interest for a term of 90 days.

On April 26, 2002, the Intervenors filed a "Petition By the Intervenors¹ for Reconsideration of Commission Order and Stay." The Intervenors stated that there were numerous protests in this case and that the testimony from one of the Intervenors indicating that the Intervenors were in favor of the project and rate increase and expanding water service in the community of Garrett's Bend and Pine Grove was misinterpreted. The Intervenors stated that they are protesting the rate increase because they believe poor management of the District's money had caused the current condition of the District and need for the enormous rate increase. The Intervenors requested that the Commission reconsider its decision in the April 19, 2002, order, stay that opinion, and conduct a general investigation in this matter.

On April 26, 2002, the Administrative Law Judge assigned to this matter issued a Recommended Decision. Therein, the ALJ ordered that the interim rates approved in the Commission's order of April 19, 2002, be finally approved for use by the District on and after final adoption by the Commission; that a separate set of rates attached to the Recommended Decision become effective for all service rendered by the District on and after the date the project certificated in Case No. 01-0151-PWD-CN is placed in service; that the District notify the Commission in writing of the in service date of the project in Case No. 01-0151-PWD-CN; and that the District be granted approval to accept a loan from the Water

¹Only two of the three intervenors, Mr. Gary McMellon and Brian Bowman, signed the Petition.

Development authority in an amount not to exceed \$701,951 at an annual interest rate of 5.82% for forty (40) years.

The District filed its "Response of Lincoln Public Service District to Intervenor's Petition for Reconsideration and Stay of the Public Service Commission's April 19, 2002 Order" on April 29, 2002. The District argued that the Intervenor's claim is irrelevant because the Intervenor failed to present any testimony or evidence in this case, although they participated in the March 9, 2002, hearing and had every opportunity to present testimony and/or evidence concerning their objections. The District also noted that the Recommended Decision included a discussion of several management-related issues and determined that the District had not acted improperly.

On May 7, 2002, the Intervenor filed their "Intervenor's Exceptions to Administrative Law Judge's Recommended Decision Entered April 26, 2002 and Support for the Exceptions."²

On May 9, 2002, the Commission received a notarized letter from Bryan Bowman withdrawing his objections to the projects and activities by the District and withdrawing his status as an intervenor.

The District filed a "Reply of Lincoln Public Service District to Intervenor's Exceptions" on May 17, 2002. The District addressed the exceptions filed by the Intervenor as follows:

1. The District argued that the ALJ had the authority to recommend appropriate rates for the District based on the record in this case and that the Commission's approval of interim rates did not in any way diminish or revoke the ALJ's authority to render a decision regarding approved rates for the District.
2. The District argued that proper notice was given to the customers. The District noted that with regard to customer notice, the District met all publication requirements in the certificate case, and that on February 13 and 20, 2002, a "Notice of Rescheduled Hearing and Increased Rates" was published in the applicable newspapers pursuant to the ALJ's publication order.

²This document was signed only by Mr. McMellon and Mr. Bowman.

3. The District argued that the ALJ's approval of the certificate was proper and that no individuals or entities intervened in the District's certificate case. Furthermore, that the Intervenor's had no standing to challenge the District's approval of the certificate.
4. The District argued that it was clear by the language of the Recommended Decision that the ALJ fully considered the testimony and evidence concerning the general manager's salary in reaching the conclusion that the salary was reasonable. The District also argued that the Intervenor's statement that customers had requested certain accountings of the general manager's activities was without support.
5. The District argued that the ALJ did not err by not initiating a general investigation as such an action would be procedural in nature and not supported by the record.
6. Finally, the District argued that the Intervenor's statements regarding board members' legitimacy was unfounded.

Commission Staff filed its "Response to Exceptions" on May 17, 2002. Therein Staff requested the Commission enter an order denying the exceptions.

DISCUSSION

The May 7, 2002, "Intervenor's Exceptions to Administrative Law Judges' Recommended Decision Entered April 26, 2002 and Support for the Exceptions" raised five points. The Commission shall address each in turn.

1. The Administrative Law Judge erred when he recommended that the rates that are the subject of this case be finally approved since the intervenor's "Petition by the Intervenor's for the Reconsideration of Commission Order and Stay" had not yet been ruled upon.

The "Petition by the Intervenor's for the Reconsideration of Commission Order and Stay" objected to the Commission's April 19, 2002, order setting the rate increase on an interim basis. As the Commission had not stayed any action on the part of the Administrative Law Judge, the Administrative Law Judge was procedurally at liberty to issue a Recommended Decision.

2. The ALJ erred by approving two separate rate increases and that the rates should have been approved in the certificate case instead of misleading

customers that only one rate increase would occur in the Rule 19-A case. Furthermore, that the customers were not given proper notice that two different sets of rates were being proposed by the District.

On this point the Commission concurs with the the “Reply of Lincoln Public Service District to Intervenor’s Exceptions” filed May 17, 2002, in that proper notice was given to the customers. The District met all publication requirements in the certificate case, and on February 13 and 20, 2002, a “Notice of Rescheduled Hearing and Increased Rates” was published pursuant to the ALJ’s Publication Order in the present case. That publication noticed the rescheduling of the hearing for March 13, 2002, in Charleston, West Virginia, and noted that the February 28, 2002, hearing in Alum Creek, West Virginia was cancelled. The notice also stated “anyone wishing to protest the Rule 19A increased rates and charges or the certificate case increased rates must appear at the March 13, 2002 hearing, in person, to voice their protest.” Furthermore, the publication noted that the Commission had previously granted a 5.8% increase in the District’s rates to become effective upon completion of the water project in the certificate case as well as listing the proposed rates under the present 19A proceeding. Based upon a review of the record, the Commission finds that proper public notice was provided by the District.

3. The ALJ erred in recommending approval of the certificate of convenience and necessity to provide service to additional customers causing an additional 5.8% increase in rates when the District is already operating at a cash flow deficit of \$99,812. The Intervenor’s argued that the decisions of the District’s general manager had had a cumulative effect that should have been taken into consideration before issuing a certificate of convenience and necessity to serve an additional area. The Intervenor’s asked why the Commission should expand the service area when the District is not financially stable within its present territory.

The rate increase in the certificate case, to be effective upon substantial completion of the certificate project, is designed to offset the additional expenses involved in operating the newly certificated portions of the District. The rates in the present Rule 19A case are designed to place the District on an overall solid financial footing. As a public utility, a public service district is obligated to provide service to the public within its service territory. See, West Virginia Code § 24-3-1. By providing the District with appropriate and sufficient rates, the district is able to maintain its current system as well as provide service to new customers in need of service.

4. The ALJ erred in concluding that the manager's salary is reasonable.

The Commission concurs with the ALJ's analysis regarding the manager's salary. Given the hours of work and the improvements made to the system, particularly the detection and correction of numerous leaks, the Commission finds that the salary is within a reasonable range.

5. The ALJ erred by failing to direct Staff to conduct a general investigation of the District and its General Manager's activities.

The ALJ saw no cause to initiate a general investigation in this matter and the Commission concurs in that determination.

The Commission shall deny the petition of April 26, 2002, and the exceptions filed by the Intervenor on May 7, 2002, for the reasons stated above.

FINDINGS OF FACT

1. On March 15, 2001, Lincoln Public Service District (District) filed a Rule 19A application requesting Commission approval of an increase in its water rates and charges, a waiver of the Rule 42 filing requirements, an interim rate increase to be determined by Commission Staff and approval of a loan from the West Virginia Water Development Authority (WDA).

2. By Order dated May 4, 2001, this case was referred to the Division of Administrative Law Judges for a decision to be rendered on or before October 11, 2001.

3. On October 1, 2001, the District filed a letter in which it explained that Staff and the District had discussed this case and concluded that, in order for the District to obtain the rates necessary to meet its going-level needs for the 19A case and obtain rates necessary to meet the project needs for its pending certificate case, Case No. 01-0151-PWD-CN, Staff must first complete its Staff Report and recommendations in the 19A case. After the 19A rate increase is determined, Staff can determine the additional rate increase that will become effective at the conclusion of the proposed construction.

4. By Order dated February 1, 2002, this matter was set for a hearing to be held on March 13, 2002. Case Nos. 01-0151-PWD-CN and 01-0363-PWD-19A were separated for further processing and the rate issues in the certificate proceeding were transferred to the rate case.

5. The hearing was held as scheduled on March 9, 2002.

6. On March 22, 2002, the District, by counsel, petitioned the Public Service Commission to (1) grant the District an emergency 16.7% rate increase and (2) to permit the District to enter into a short-term loan arrangement with the WDA.

7. On March 28, 2002, the Intervenors filed an objection to the District's petition for emergency rate relief and approval of a short-term loan. The petition presented no facts or reasons that would preclude granting the District permission to enter into a short-term loan.

8. On April 18, 2002, the District petitioned the Commission for an immediate Commission Order to grant an emergency rate increase and permit the District to enter into a short-term loan.

9. By Order dated April 19, 2002, the Commission approved on an interim basis, subject to refund, the 16.7% Staff-recommended rate increase. The Commission also approved the District's request for a loan from the Lincoln Economic Development Authority in the amount of \$21,000 at zero percent (0%) interest for a term of 90 days.

10. On April 26, 2002, the Intervenors filed a "Petition By the Intervenors for Reconsideration of Commission Order and Stay."

11. On April 26, 2002, the Administrative Law Judge assigned to this matter issued a Recommended Decision.

12. The District filed its "Response of Lincoln Public Service District to Intervenors' Petition for Reconsideration and Stay of the Public Service Commission's April 19, 2002 Order" on April 29, 2002.

13. On May 7, 2002, the Intervenors filed their "Intervenors' Exceptions to Administrative Law Judge's Recommended Decision Entered April 26, 2002 and Support for the Exceptions."

14. The District filed a "Reply of Lincoln Public Service District to Intervenors' Exceptions" on May 17, 2002.

15. Commission Staff filed its "Response to Exceptions" on May 17, 2002.

CONCLUSIONS OF LAW

The Commission concludes, based upon its review of the file and for the reasons described herein, that the petition and exceptions filed by the Intervenors should be denied and the Recommended Decision should be adopted.

ORDER

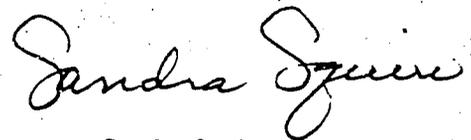
IT IS THEREFORE ORDERED that the Intervenors' petition of April 26, 2002, and their exceptions filed May 7, 2002, are hereby denied.

IT IS FURTHER ORDERED that the ALJ's Recommended Decision issued April 26, 2002, is hereby adopted as the final order of the Commission in this matter.

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

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

A True Copy, Teste:



Sandra Squire
Executive Secretary

ARC
JJW/lfg
010363cb.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 26, 2002

CASE NO. 01-0363-PWD-19A

LINCOLN PUBLIC SERVICE DISTRICT,
a public utility.

Petition for waiver of the Commission's filing requirements to increase rates and charges pursuant to Rule 19A and petition for consent and approval of a West Virginia Water Development Authority loan.

RECOMMENDED DECISION

On March 15, 2001, Lincoln Public Service District (District) filed a Rule 19A application requesting Commission approval of an increase in its water rates and charges, a waiver of the Rule 42 filing requirements, an interim rate increase to be determined by Commission Staff and approval of a loan from the West Virginia Water Development Authority (WDA).

On March 27, 2001, Staff Attorney Cassius H. Toon filed an Initial Joint Staff Memorandum to which was attached the Initial Memorandum prepared by Joseph A. Marakovits, Technical Analyst III, Engineering Division, and Charles Knurek, Senior Utilities Analyst, Water and Wastewater Division. Staff recommended that the District's request for a waiver of the Rule 42 filing requirements be granted and that an across-the-board interim rate increase of 4.2% be approved, subject to refund, if the final approved rates are less than the interim rates. Staff's recommended interim rate increase would provide additional operating revenues of \$23,570, with a cash flow surplus of \$92.

In a letter filed April 5, 2001, the District responded to Staff's Initial Joint Staff Memorandum indicating that the 4.2% interim rate increase would not be sufficient to maintain the District's daily operations and requesting that the Commission consider an interim rate increase of 8%.

On April 16, 2001, Staff filed a Further Joint Staff Memorandum recommending an interim rate increase of 8%.

By Order dated May 4, 2001, the Commission granted the District's request for a waiver of the Rule 42 filing requirements and approved an across-the-board interim increase of 8%, subject to refund, if the

finally approved rates are less than the interim rates. Said Order required the District to publish notice of the increased rates by publishing a copy of the Staff-recommended interim rates in newspapers, duly qualified by the Secretary of State, published and of general circulation in each of the counties that the District serves.

By Order dated May 4, 2001, this case was referred to the Division of Administrative Law Judges for a decision to be rendered on or before October 11, 2001.

On May 25, 2001, the District submitted proper affidavits of publication reflecting that the Staff-recommended interim rates had been published, in accordance with the Commission's requirements, in Lincoln and Kanawha Counties. The dates of publication were May 16, 2001, in Lincoln County, and May 11, 2001, in Kanawha County.

By Procedural Order dated June 7, 2001, the case number was changed as recommended by Commission Staff and Commission Staff was directed to file its report on or before July 16, 2001.

On July 16, 2001, the District requested a 90-day extension of the Staff Report due date and the Administrative Law Judge's decision due date. The District also requested additional interim rate relief.

By Commission Order dated July 17, 2001, the Administrative Law Judge's decision due date was extended until January 10, 2002. No new due date was set for the filing of the Staff Report in this case.

In September of 2001, extensive protests were filed to the interim rate increase and any additional rate increase.

By Order dated September 28, 2001, Commission Staff was ordered to file with the Commission its Staff report containing the Staff-recommended rates in this case on or before October 15, 2001.

On October 1, 2001, the District, by Counsel, filed a letter in which it explained that Staff and the District had discussed this case and concluded that, in order for the District to obtain the rates necessary to meet its going-level needs for the 19A case and obtain rates necessary to meet the project needs for its pending certificate case, Case No. 01-0151-PWD-CN, Staff must first complete its Staff Report and recommendations in the 19A case. After the 19A rate increase is determined, Staff can determine the additional rate increase that will become effective at the conclusion of the proposed construction. The Staff assigned to the 19A case indicated that the Staff Report and the 19A recommendations would be completed by the end of October 2001, at which time the Staff could complete its recommendations for the rates that will be necessary for the construction project.

Since the hearing on the certificate case had been scheduled for October 17, 2001, and the Notice of Hearing for that case had already been published, and in light of the need for additional processing time for the certificate case in conjunction with the 19A case, the District and Staff requested that the hearing scheduled for October 17, 2001, be limited in scope to hearing the public protests concerning the District's application, with the evidentiary hearing on the application to be

continued to a later date, after publication of the proposed rates in the 19A case. If a hearing was necessary for the 19A case, perhaps a joint hearing, in which the public would also be heard, could be scheduled for the evidentiary portion of both cases.

By Order dated October 5, 2001, the instant case and Case No. 01-0151-PWD-CN were consolidated and the motion to turn the hearing set for October 17, 2001, into a protest hearing only was granted.

On October 15, 2001, counsel for the District filed a joint motion of the Staff of the Public Service Commission and the Lincoln Public Service District to extend the Staff report due date. In support of its motion, Staff explained that, in spite of a voluminous work load, Staff was making every effort to complete its rate case recommendations. However, it needed an extension of the October 15, 2001 deadline for issuing its Staff report in this case. The parties requested an extension of time until the end of October in which to file the Staff report.

By Procedural Order entered on October 16, 2001, the joint motion was granted and the deadline for Staff to file its report in the 19A case was extended to October 31, 2001.

On October 31, 2001, Staff Attorney Toon filed motions requesting extensions of the Staff report due date and the Administrative Law Judge's decision due date. Staff requested that it be permitted to file its report on November 15, 2001.

By Commission Order dated November 1, 2001, the Administrative Law Judge's decision due dates in Case Nos. 01-0151-PWD-CN and 01-0363-PWD-19A were both extended until March 7, 2002.

On November 16, 2001, the District filed a motion requesting that a hearing on the two consolidated cases be scheduled, noting that Staff had not filed its report on November 15, 2001.

On December 3, 2001, Commission Staff filed its report herein, recommending approval of a 16.7% increase to the District's interim rates and charges and approval of a WDA loan in the amount of \$701,951.

On December 10, 2001, Commission Staff filed a motion requesting an additional extension of the Administrative Law Judge's decision due date.

By Order dated December 11, 2001, the Administrative Law Judge's decision due date in Case No. 01-0363-PWD-19A was extended to April 12, 2002, and, by Corrective Order, dated December 12, 2001, the due date was further extended to June 12, 2002.

By Order dated December 18, 2001, Case No. 01-0363-PWD-19A was set for a hearing to be held at the Midway Elementary School, Route 214, Corridor G, Alum Creek, West Virginia, on February 28, 2002, at 6:30 p.m. Said Order also required that the District give notice to its customers of the Staff-recommended increased water rates and charges and Notice of Hearing by publishing a copy of the Tariff Form No. 10 and Notice of Hearing, attached thereto as Appendix A, once a week for two (2) consecutive weeks, in newspapers, duly qualified by the Secretary of

State, published and of general circulation in both Lincoln and Kanawha Counties.

On January 9, 2002, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum in Case No. 01-0151-PWD-CN, to which was attached the Final Internal Memorandum prepared by Mr. William A. Nelson, Utilities Analyst, Water and Wastewater Division, and Ms. Audra L. Blackwell, Technical Analyst I, Engineering Division. Staff noted that, originally, the District proposed a 9.5% increase in rates to fund the project and related expenses. This was prior to Staff's rate review in Case No. 01-0363-PWD-19A. This rate review established higher rates at going level than those proposed at pro forma. Staff utilized the bill analysis from the Rule 19A rate cases to project revenues and determine rates at pro forma. The District's pro forma bill analysis reflected a total of 140 new customers with a usage of 4,500 gallons each, per month. Based on this bill analysis, Staff recommended a 5.8% increase to the District's rates as a result of the project in Case No. 01-0151-PWD-CN. These recommended rates would generate annual operating revenues of approximately \$101,848 over the going-level rates established in the rate case. The additional revenues would cover the project-related expenses and provide a pro forma surplus of approximately \$1,674 and a debt coverage of 116.21%. Staff recommended approval of the District's certificate application; acceptance of the RUS grant and the RUS loan; and Staff's recommended rates and charges.

On January 18, 2002, Lincoln Public Service District provided affidavits of publication for the 19A rates and hearing as required by the Commission for Lincoln County, indicating publication on January 9 and 16, 2002. The District indicated that it was still awaiting the affidavit of publication from the Kanawha County newspaper, which was published in The Charleston Daily Mail on January 9 and 16, 2002.

On January 23, 2002, Counsel for the District filed a motion for a change of venue of the hearing scheduled to be held in Alum Creek, West Virginia, on February 28, 2002, citing as its reasons for the request acts of vandalism made against the District's General Manager's vehicle and, since this matter has been heavily protested, it may be difficult to provide security at the Alum Creek hearing site. The District requested that the site of the hearing be changed to the Public Service Commission's offices in Charleston, West Virginia.

Also, on January 23, 2002, the District filed a motion to modify the procedural schedule established for the filing of the transcript and briefs, after the previously scheduled February 28, 2002 hearing, to expedite the handling of these cases,

In a motion filed January 24, 2002, Staff Attorney Cassius H. Toon moved for a rescheduling of the hearing set for February 28, 2002, citing that the Staff Attorney and Engineer had a scheduling conflict with another Commission case.

In a letter also filed January 24, 2002, the District filed an affidavit of publication for Kanawha County indicating that publication had been made in accordance with the Commission's requirements, with publication on January 9 and 16, 2002, as previously represented.

On January 28, 2002, the District filed a response to Staff's motion to reschedule the hearing, asking that the hearing be rescheduled within a week of the current hearing date, due to timing and funding needs of the certificate proceeding.

By Order dated February 1, 2002, this matter was set for a hearing to be held on March 13, 2002. Case Nos. 01-0151-PWD-CN and 01-0363-PWD-19A were separated for further processing and the rate issues in the certificate proceeding were transferred to the rate case. The District was ordered to give notice of the higher Staff rates in the certificate proceeding by publication.

By Order dated February 15, 2002, the hearing scheduled for March 13, 2002, was cancelled and rescheduled for a hearing to be held on March 9, 2002. The District was directed to publish a notice of the rescheduled hearing.

By Recommended Decision dated February 22, 2002, in Case No. 01-0151-PWD-CN, a certificate of convenience and necessity was granted to the District to construct and operate the Garretts Bend/Molly Branch project, conditioned upon the approval of rates in Case No. 01-0363-PWD-19A adequate to support the project.

On February 26 and March 1, 18 and 21, 2002, the District filed affidavits of publication verifying compliance with all publication requirements.

The hearing was held as scheduled on March 9, 2002. The District appeared by its counsel, Susan Riggs, Grant Schuman and Lee Feinberg, Esquires. Commission Staff was represented by Staff Attorney Cassius H. Toon. The District submitted the affidavits for the last publication made by the District for the Notice of Hearing. The publications were made on February 27 and March 6, 2002. Mr. Gary McMillen, Mr. Bryant Bowman and Mr. Dale Pauley were granted intervenor status by being allowed to ask questions of the Staff's witnesses. (Tr. pp. 25-26; 90-93).

Commission Staff waived the right to file a brief, but reserved its right to reply if something was filed. The District also waived briefing but reserved the right to reply if something was filed. No briefs were filed in this case. (Tr. pp. 116-118).

On March 22, 2002, the District, by counsel, petitioned the Public Service Commission to 1) grant the District an emergency 16.7% rate increase and 2) to permit the District to enter into a short-term loan arrangement with the WDA. In support of its petition, the District explained that the delay in processing this case has threatened the financial stability of the District as it is unable to make the monthly principal and interest payments of \$5,184, due March 1, 2002, on the 1977 RUS loan and is now in monetary default on that loan. In addition, the District only has enough cash available to pay some of its operating expenses. By falling into monetary default, the District will not be able to close on the RUS loan for the new Garretts's Bend/Molly Branch project.

In addition, the District requested permission to accept a short-term loan from either the Lincoln County Commission or the Lincoln County Economic Development Authority in an amount not to exceed \$21,000, which will allow the District to make its past due principal and interest payments. At the closing of the WDA loan, the district will receive approximately \$14,096 as a reimbursement for previous capital expenditures and will use this money to partially repay the County loan.

Proceeds from the County loan will be used to make two lease/purchase payments. These payments under the lease/purchase agreement are capital expenditures which can be reimbursed from the proceeds of the WDA loan, and those funds will be used to repay the remaining balance of the County loan.

On March 28, 2002, the Intervenors filed an objection to the District's petition for emergency rate relief and approval of a short-term loan. The petition presented no facts or reasons that would preclude granting the District permission to enter into a short-term loan.

On April 10, 2002, the District submitted a supplemental filing regarding its petition for emergency rate relief and approval of a short-term loan, which included the Lincoln Economic Development Authority's (LEDA) resolution relating to the provisions of the short-term loan to the Lincoln Public Service District. The LEDA will loan the District a principal sum up to \$21,000, without interest, payable in full 90 days from the date of the loan, to be evidenced by a promissory note, secured by the pledge of the District of up to \$21,000 of the proceeds of the WDA loan.

On April 18, 2002, the District petitioned the Commission for an immediate Commission Order to grant an emergency rate increase and permit the District to enter into a short-term loan.

By Order dated April 19, 2002, the Commission approved on an interim basis, subject to refund, the 16.7% Staff-recommended rate increase. The Commission also approved the District's request for a loan from the Lincoln Economic Development Authority in the amount of \$21,000 at zero percent (0%) interest for a term of 90 days.

EVIDENCE PRESENTED

The Staff report filed December 3, 2001, and the Staff answers to the District's interrogatories filed on December 26, 2001, were marked as Staff Exhibits 1 and 2, respectively. (Tr. p. 7). Mr. Knurek explained the adjustments made in this case to arrive at a Staff recommendation for the water rates. The District's capital needs were determined to be \$17,355 per year to continue the capital improvements over the next five years. (Tr. p. 15). The purchase of the District's backhoe and dump truck were not submitted to the Commission for approval as required by West Virginia Code §16-13A-29. (Tr. p. 30). The cost of the backhoe and dump truck were included in the rates at going level operations for the District because they are reasonable and necessary for the District to operate. (Tr. p. 32). Mr. Knurek opined that, for a District with a customer base of 500 to 800 customers, it is not uncommon to employ a general manager. The salary for the current general manager for the

District of \$50,000 is on the high side of the salary range generally paid for such a position. (Tr. p. 35). A reduction of the salary of the general manager would have a minimal impact on the rates recommended in this case. (Tr. p. 35). The principal reason for the size of the rate increase in this case is due to the District's aggressive approach to its modifications, improvements and repairs to the current water system. If these items had been spread out over a longer period, the rates may have been less, but they would have eventually reached this level. (Tr. p. 36). The list of the twenty purchases and improvements, set forth in Staff Exhibit No. 1, would be financed by the WDA loan. (Tr. p. 37 and Staff Exhibit 1). Mr. Knurek did not find anything frivolous in the District's operations and believed that the District was taking care of its business as best it could with the money that it had. The cash surplus allowed as a result of these rates will be approximately \$900 and will require the District to use its depreciation reserve or renewal and replacement reserves for plant additions and contingencies. (Tr. p. 38).

Mr. J. D. Douglas, an engineering supervisor for Environmental Health Services of the Bureau of Public Health (Health Department), provides assistance to all water systems within his area of responsibility, which includes the District, and insures that they meet federal and state standards. The federal and state laws require water departments to do certain things to maintain safe drinking water. (Tr. p. 43). After conducting a sanitary survey on a water system, he sends a letter to its operator listing any significant deficiencies that are mandated by the laws and rules. This letter also includes recommendations on the best way to maintain the system. (Tr. p. 45). Within 12 months of a sanitary survey, an annual inspection is conducted to determine if the operator has completed the deficiencies set forth in the survey. (Tr. p. 48). Of the 20 items listed in his letter of April 23, 2001, by the time of the annual inspection, the District had been able to complete five of the 20 using the resources it had and the completion of the other 15 items depended upon receipt of the WDA loan. (Tr. p. 58; District Exhibit No. 1). If a water system ignores the existing problems and something goes wrong, the Health Department will institute a boil-water advisory and, in extreme cases, levy fines against the water system. (Tr. p. 63). Mr. Douglas indicated that it is important that a water provider have the financial resources to perform the inspections and maintain its system. Maintenance in the long run helps keep costs down. (Tr. p. 66). The District's system now is being maintained as it should and better than it was a few years ago. (Tr. p. 67).

Mr. Jim Ryan has been a member of the Lincoln Public Service District Board for 30 years. (Tr. p. 70). Prior to the hiring of Mr. Terry Myers, the general manager, in August 2000, the chief plant operator, Mr. Charles Holbrook, tried to manage the system. It was impossible for him to do both jobs since the plant operator is required to be on duty at all times that the water plant is in operation. Therefore, he could not go out to do field projects. (Tr. p. 72). Between 1990 and 2000, the District's system was not being maintained in compliance with the Health Department's regulations because it did not have money for needed improvements. During this time, the District only made a couple of small extensions to serve approximately 10 homes. (Tr. p. 70). The Board did not seek any rate increase. (Tr. p. 74). The District didn't keep the system up as it needed to be. Since Mr. Myers

was hired as the general manager, he has been working actively to find all of the illegal taps to the water system and has corrected about 60 illegal taps so far. (Tr. p. 76). Mr. Ryan emphasized that correction of the illegal taps is important. When getting a rate increase, if the system has a large number of illegal taps, the legitimate customers will pay the increased rates while the others will get off without having to pay. (Tr. p. 76). The District agrees with the Staff-recommended rate increase of 16.7% and has no complaint with any items recommended in the Staff report. (Tr. p. 77; Staff Exhibit 1).

The District's dump truck is old and needs work done on it about any time that it is used. The District has need to haul dirt and gravel. (Tr. p. 78). Currently, the District does not own a backhoe, but has a small backhoe, a Terramite, that it uses for small tasks, but is not good for digging out a major leak. The District is leasing a backhoe from Hertz, from whom it had previously rented one. Because of the frequency of the District's need for a backhoe, the District's Board decided it would be more cost-effective to purchase the backhoe rather than continue a lease agreement. In the future, the District will seek Public Service Commission approval for these agreements. (Tr. p. 79).

Before the District hired Mr. Myers as its general manager, it had received a letter from the Lincoln County Commission requesting that the Board get more active and get things done or they would be replaced. (Tr. p. 80). Mr. Myers was asked to come work on a part-time basis, but this wouldn't work in conjunction with his work at his engineering firm. Mr. Myers proposed that, if the Board could give him the same package that he had at the engineering firm, he would become the general manager. (Tr. p. 80). Since the Board had previously worked with Mr. Myers and knew of his good work, it did not give the fact that he was not a resident of Lincoln County much consideration. (Tr. p. 81). Mr. Ryan opined that the \$50,000 salary was reasonable because, at one time the FMHA insisted that the District hire a manager and his salary at that time was \$25,000 and he wouldn't work on weekends. Given the amount of work that needs to be done, Mr. Ryan did not believe that the Board could find an adequate person for less money than that being paid Mr. Myers. (Tr. p. 83). Mr. Myers is not on a 40-hour week, but works above that time and has assured the Board that he would make up any sick days that he may have taken improperly from his vacation time. Mr. Myers has not taken a vacation since he was hired. (Tr. p. 84). Because of the size of the District, the present Board members are unable to manage it on a day-to-day basis. Since Mr. Myers has been hired as general manager, approximately 160 leaks have been repaired that had been left unrepaired for months. He also discovered approximately 100 illegal taps and has corrected 60 of these. Overall, the attitude of the District's work force is much better during this time. (Tr. p. 85).

Recently, in Case No. 01-0151-PWD-CN, the District received permission to proceed on its Garretts Bend extension project, contingent upon approval of this 19A rate increase. This project will serve an additional 142 new customers in an area that has very poor water quality or no water at all. (Tr. p. 86). In addition, the District is preparing to file for approval for another project for the Pine Grove/Priestley Ridge area to serve additional new customers. The District has received funding for this project. (Tr. p. 86). These two projects have been

planned and accomplished since Mr. Myers was hired as general manager. (Tr. p. 87).

The use of the 1997 pickup truck by Mr. Myers for transportation from the District to his home was a part of the hiring package. The District Board had thought about making changes in this provision, but at the time believed that, since the District already had the truck and was paying insurance, it was cheaper to let Mr. Myers use it than to compensate him enough to take care of the transportation costs himself. (Tr. p. 88).

The District rents its dump truck, since it is not used on a day-to-day basis, but only three to four times a week. (Tr. p. 89).

Appearing to comment on the application were five individuals. Mr. John Rife, a long-term customer of the District, spoke in favor of the increase. He indicated that 15 to 20 years ago he had arranged for the District to run water to his house, which is one and one-half miles off Route 214. He paid for the pipe and the District used its backhoe. (Tr. p. 104). Since that time, four other houses have hooked onto the line. Having been in the contracting business, he knows that if you do not have the necessary equipment, you cannot do the work. In addition, if the District is going to operate, it must have the money to operate. The quality of his water is good. (Tr. p. 104).

Ms. Judy Rogan appeared in support of the rate increase. She presently does not have water and wants the water. Her home is within the Garrets's Bend project area recently approved. (Tr. p. 106).

Ms. Mary Anderson had a question as to why she had been receiving someone else's water bill. The District indicated that it would look into it and she had no further comment. (Tr. p. 109).

Mr. Clarence Myers is a customer of the District and his mother paid for a water line up the hollow and has had good service until about three years ago. Although he has attempted to contact the District about his quality problems, he wants to see other people get water and, if the rate increase will improve his water quality, he is for it. (Tr. p. 110).

Mr. Bruce Roberts has been a customer of the District for its entire existence. He is against the rate increase, mentioning the high salary of Mr. Myers and the Lowe's credit card usage. He is generally against giving the District Board members any more money to waste. (Tr. p. 115). With the testimony of these witnesses, no further evidence was received in protest to the application.

DISCUSSION

This Rule 19A case was filed in conjunction with an application for a certificate of convenience and necessity. In the early stages of this case, at the District's request, interim rates were approved for its use. After a hearing was held, the certificate application was granted conditioned upon approval of the rates in the 19A case that would be adequate to support the project covered by the certificate.

At the hearing held on the Rule 19A application at Alum Creek, which is the location of most of the individuals signing the petitions of protest, only five individuals made statements. Of these five, three were for the rate increase and only one witness, Mr. Bruce Roberts, was against the increase, mainly because he did not want to give any more money to the District's Board to spend improperly, citing the general manager's salary and a credit card incident as being reasons.

Staff explained that the reason for its recommendation of a 16.7% increase in the District's rates were the District's capital needs arising from improvements that need to be made over the next five years. The Health Department, in a sanitary survey, determined that there were 20 deficiencies in the District's system that needed to be corrected to bring the system into compliance with all state and federal laws. The District has begun to make the corrections and, at the last annual inspection made by the Health Department, it had completed five of the 20 on the list and would complete the other 15 after receiving the WDA loan for which it seeks Commission approval herein.

One of the areas of controversy arising in this case was the \$50,000 salary being paid the recently hired general manager, Mr. Terry Myers. As the evidence indicated, a general manager is needed for a district of approximately 800 customers and Mr. Myers, during his time on the job, has actively undertaken to find and correct illegal taps on the system. Mr. Myers has worked hard to oversee the operations of the District and has helped the District undertake new projects that will eventually bring good water to many customers that either do not now have water or their water is of poor quality. Based upon the evidence presented, it is the opinion of the Administrative Law Judge that the salary of Mr. Myers is reasonable and is well-earned for the work being performed.

Another area of contention was Mr. Myers being allowed to use the District's truck to travel to his home located outside of Lincoln County. Mr. Ryan, a District Board Member, explained that this was a part of the initial benefit package given to Mr. Myers to have him accept the job. The Board felt that, since it already had the vehicle and was paying insurance on it, letting Mr. Myers use it would be cheaper than compensating him for his transportation. Although this benefit should be considered as income for Mr. Myers, the Board's decision to allow this use is not so unreasonable as to require Commission action to reverse the Board's decision. As with the decrease in salary testified to by Mr. Knurek, a change in this benefit would have only a de minimis effect on the overall rates and, ultimately, could increase the rates if the compensation to Mr. Myers to cover his transportation is greater than the District's cost of the insurance and the truck. The Administrative Law Judges believes that no change is required for this situation.

The District's request for approval of a loan from the WDA has been recommended by Staff and is unquestionably needed to complete the remaining deficiencies uncovered in the Health Department's sanitary survey.

The comments of the five individuals who testified at the hearing were positive except for one individual. The principal reason for giving approval to this large rate increase was to insure that good water

continues to be supplied to an area which, absent the District's water, would not have a good quality water supply.

Based upon all of the evidence presented in this case, the Administrative Law Judge is of the opinion that, given the financial circumstances of the District, the 16.7% increase is not unreasonable and will allow the District to continue to supply good water to its current customers and cover all of its operation and maintenance expenses and debt service and fully fund its required reserves. Therefore, the Administrative Law Judge will approve the Staff-recommended rates, as well as the request to enter into a loan with the West Virginia Water Development Authority.

Additionally, it is necessary to address the issue of adequate rates for the certificate proceeding. The Staff-recommended rates filed on January 9, 2002, as corrected on March 12, 2002, will generate annual operating revenues of approximately \$101,848 over the rates recommended in this 19A proceeding. This level of additional revenues will cover all project-related expenses, provide a surplus of approximately \$674 and provide a debt service coverage of 116.21%. The surplus amount and debt service coverage are consistent with the levels recommended by Staff in the 19A case.

Upon consideration of all of the above, the Administrative Law Judge concludes that it is reasonable to approve the Staff-recommended rates for the certificate project, for all service rendered on and after the date the District begins providing service through the project certificated in Case No. 01-0151-PWD-CN.

FINDINGS OF FACT

1. On March 15, 2001, the Lincoln Public Service District filed a Rule 19A application requesting Commission approval of an increase in its water rates and charges, a waiver of the Rule 42 filing requirements, an interim rate to be determined by Staff and approval of a loan from the West Virginia Water Development Authority. (See, application).

2. A sanitary survey of the District's water system by the Health Department resulted in a recommendation that 20 deficiencies in the water system be addressed. (See, District Exhibit No. 2).

3. On December 3, 2001, Staff recommended approval of a loan from the WDA in the amount of \$701,951, at an interest rate of 5.82% for 40 years, and an across-the-board increase of 16.7% to the District's interim rates and charges. (See, Staff Exhibit No. 1).

4. The use of the District's truck by the general manager was a part of his original hiring package and was believed to be reasonable by the Board Members, since the District owned the truck and was already paying insurance and since the cost to compensate the general manager for his transportation might be more. (See, Tr. p. 88).

5. Of the five members of the public giving testimony at the hearing, only one gave testimony against the rate increase, while all the

others were in favor of the increase, seeing it as a continuation of good water for the area. (See, Tr. pp. 105, 110, 112-115).

6. A request was made by the District for an interim order approving the 16.7% rate increase in order to allow the District to meet its loan obligations and to approve a short-term loan arrangement with the WDA and the Lincoln Economic Development Authority. (See, letter filed March 22, 28 and April 10, 2002).

7. By Order dated April 19, 2002, the Commission approved the 16.7% rate increase on an interim basis, subject to refund, and approved the request for a loan from the Lincoln County Economic Development Authority in the amount of \$21,000 at zero percent (0%) interest for a term of 90 days. (See, April 19, 2002 Commission Order).

8. The rates recommended by Commission Staff in the 19A proceeding, and which are now in effect, generate a cash flow surplus of only \$978 with a debt service coverage of 118.08%, which will cover all of the District's reasonable and necessary expenses and debt service requirements. The District's previous rates generated a cash flow deficit of \$99,812 and an inadequate debt service coverage of only 40.79%. (See Staff Exhibit No. 1, letter of transmittal and Statement H).

9. The rates recommended by Commission Staff in Case No. 01-0151-PWD-CN, to become effective when the project certificated therein is complete, will generate revenues sufficient to cover all project-related costs and generate a very modest cash surplus of only \$674 and a debt service coverage of 116.21%. (Final Joint Staff Memorandum filed January 9, 2002, in Case No. 01-0151-PWD-CN).

CONCLUSIONS OF LAW

1. The Staff-recommended increase of 16.7% in the 19A proceeding is needed to provide adequate revenues to cover all of the District's reasonable and necessary operating expenses, cover the District's debt service requirements and eliminate a cash flow deficit of \$99,812.

2. The Staff-recommended rates in Case No. 01-0151-PWD-CN, to become effective when the project certificated therein is completed, are necessary to cover all project-related expenses and maintain a positive cash flow and an adequate debt service coverage.

3. The salary of \$50,000 being paid to the District's general manager is reasonable given the amount of work performed.

4. Good cause has been shown for granting Commission approval to the Lincoln Public Service District to accept a loan from the West Virginia Water Development Authority.

ORDER

IT IS, THEREFORE, ORDERED that the interim rates approved in the Commission's Order of April 19, 2002, be, and the same hereby are, finally approved for use by Lincoln Public Service District on and after

the date that this order becomes final. The finally approved rates are attached to this Order as Appendix A.

IT IS FURTHER ORDERED that Lincoln Public Service District file an original and at least five copies of a proper tariff reflecting the rates and charges approved herein within thirty (30) days of the date that this order becomes final.

IT IS FURTHER ORDERED that the rates attached hereto as Appendix B be, and they hereby are, approved to become effective for all service rendered by Lincoln Public Service District on and after the date the project certificated in Case No. 01-0151-PWD-CN is placed in service.

IT IS FURTHER ORDERED that the District file an original and at least five (5) copies of a revised tariff setting forth the rates approved for the project certificated in Case No. 01-0151-PWD-CN within thirty (30) days of the date that said project is placed in service.

IT IS FURTHER ORDERED that the District notify the Commission, in writing, of the in-service date of the project certificated in Case No. 01-0151-PWD-CN within ten (10) days of that project becoming operational.

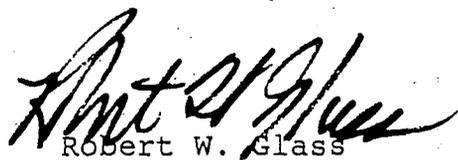
IT IS FURTHER ORDERED that Lincoln Public Service District be, and hereby is, granted approval to accept a loan from the WDA in an amount not to exceed \$701,951 at an annual interest rate of 5.82% for forty (40) years.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

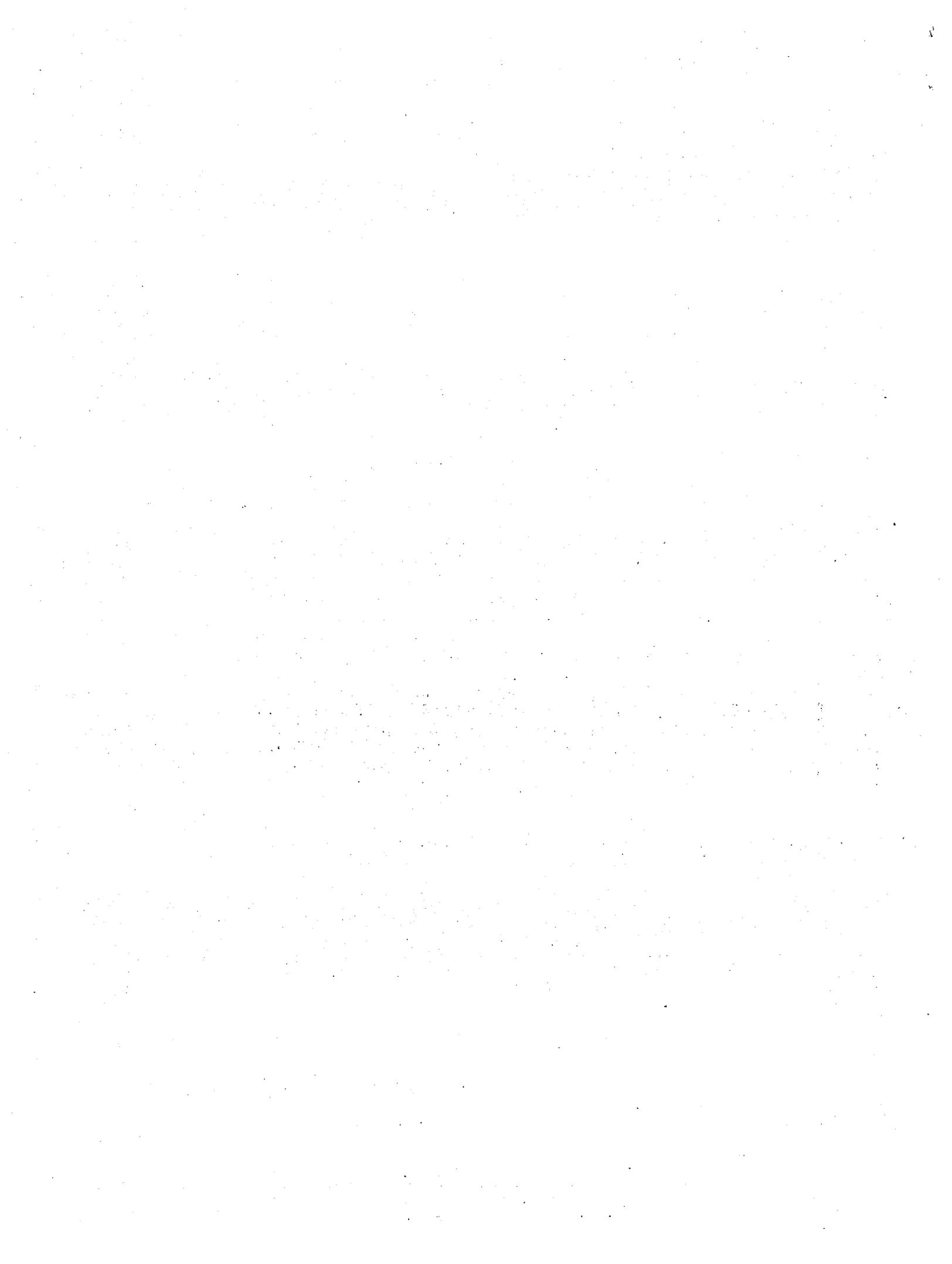
If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Robert W. Glass
Administrative Law Judge

RWG:mal
010363af.wpd



APPENDIX A

LINCOLN PUBLIC SERVICE DISTRICT - WATER
CASE NO. 01-0363-PWD-19A
APPROVED RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for all residential, commercial and industrial service.

RATES

First	3,000 gallons used per month	\$7.73 per 1,000 gallons
Next	3,000 gallons used per month	\$7.43 per 1,000 gallons
Next	4,000 gallons used per month	\$6.79 per 1,000 gallons
Next	10,000 gallons used per month	\$6.28 per 1,000 gallons
Next	30,000 gallons used per month	\$5.45 per 1,000 gallons
All over	50,000 gallons used per month	\$4.08 per 1,000 gallons

MINIMUM MONTHLY CHARGES

5/8-inch meter	\$ 23.19 per month
3/4-inch meter	\$ 34.80 per month
1 -inch meter	\$ 58.00 per month
1-1/2-inch meter	\$ 115.95 per month
2 -inch meter	\$ 185.55 per month
3 -inch meter	\$ 347.85 per month
4 -inch meter	\$ 579.75 per month
6 -inch meter	\$1,159.50 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

\$250.00

RECONNECTION CHARGE

\$15.00

RETURNED CHECK FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Lincoln Public Service District shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$15.00.

INCREMENTAL COST OF WATER PRODUCED

\$0.65 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applicable to all such unusual consumption above the customer's historical average usage.

LINCOLN PUBLIC SERVICE DISTRICT
CASE NO. 01-0151-PWD-CN
APPROVED RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for all residential, commercial and industrial service.

RATES

First	3,000 gallons used per month	\$8.18 per 1,000 gallons
Next	3,000 gallons used per month	\$7.86 per 1,000 gallons
Next	4,000 gallons used per month	\$7.18 per 1,000 gallons
Next	10,000 gallons used per month	\$6.64 per 1,000 gallons
Next	30,000 gallons used per month	\$5.77 per 1,000 gallons
All over	50,000 gallons used per month	\$4.32 per 1,000 gallons

MINIMUM MONTHLY CHARGES

5/8-inch meter	\$ 24.54 per month
3/4-inch meter	\$ 36.81 per month
1 -inch meter	\$ 61.35 per month
1-1/2-inch meter	\$ 122.70 per month
2 -inch meter	\$ 196.32 per month
3 -inch meter	\$ 368.10 per month
4 -inch meter	\$ 613.50 per month
6 -inch meter	\$1,227.00 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

\$250.00

RECONNECTION CHARGE

\$25.00

RETURNED CHECK FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Lincoln Public Service District shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$15.00.

INCREMENTAL COST OF WATER PRODUCED

\$0.63 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applicable to all such unusual consumption above the customer's historical average usage.

West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman

Cottageville

Henry Harmon

Hurricane

Dwight Calhoun

Petersburg

William P. Scafford, II, Esq.

Princeton

300 Summers Street, Suite 9
Charleston, West Virginia 253

Telephone: (304) 558-4666

Facsimile: (304) 558-4666

Katy Mallory,
Executive Secretary

KMallory@ezwv.c

October 10, 2001

Mr. Terry L. Myers, Manager
Lincoln Public Service District
P.O. Box 38
Alum Creek, WV 25003

Re: Lincoln Public Service District
Water Project 2001W-635

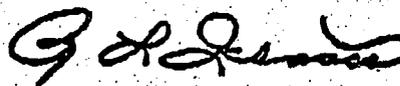
Dear Mr. Myers:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Lincoln Public Service District's (the "District") revised preliminary application regarding its proposed project of undertaking various improvements throughout the treatment and distribution system in order to insure uninterrupted quality water service to present and future customers (the "Project").

Upon consideration of the revised funding request, the Infrastructure Council recommends that the District pursue a \$701,951 Water Development Authority loan to finance this Project. Please contact the Water Development Authority at 558-3612 for specific information on the steps the District needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from this agency.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



Russell L. Isaacs

Enclosure

cc: Walt Ivey, PE, DWTRF (w/o enclosure)
Region II Planning & Development Council
HMB Professional Engineers, Inc.
Bernie Yonkosky, WDA (w/o enclosure)

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 6th day of August, 2002, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of the Lincoln Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Lincoln Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), issued in the original aggregate principal amount of \$580,429, as a single, fully registered Bond, numbered AR-1 and dated August 6, 2002 (the "Series 2002 A Bonds").

2. At the time of such receipt, the Series 2002 A Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2002 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2002 A Bonds, of the sum of \$580,429, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

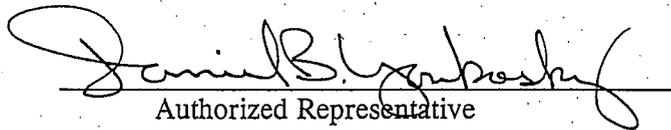
4. On the date hereof, the Authority received the Lincoln Public Service District Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), issued in the original aggregate principal amount of \$121,522, as a single, fully registered Bond, numbered BR-1 and dated August 6, 2002 (the "Series 2002 B Bonds").

5. At the time of such receipt, the Series 2002 B Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2002 B Bonds.

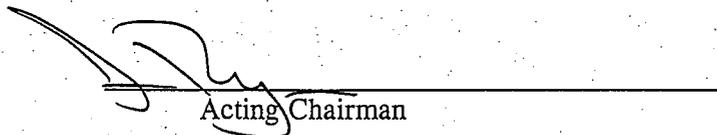
6. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2002 B Bonds, of the sum of \$121,522, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

LINCOLN PUBLIC SERVICE DISTRICT


Acting Chairman

07/30/02
523780.00001

CH518688.1

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BOND

Branch Banking and Trust Company
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 6th of August, 2002:

(1) Bond No. AR-1, constituting the entire original issue of the Lincoln Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), in the original aggregate principal amount of \$580,429, dated August 6, 2002 (the "Series 2002 A Bonds"), executed by the Chairman and Secretary of Lincoln Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on August 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 5, 2002 (collectively, the "Bond Legislation");

(2) Bond No. BR-1, constituting the entire original issue of the Lincoln Public Service District Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), in the original aggregate principal amount of \$121,522, dated August 6, 2002 (the "Series 2002 B Bonds"), executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Bond Legislation;

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

(4) Executed counterparts of the loan agreements for each series of the Bonds dated August 6, 2002, by and between the West Virginia Water

Development Authority (the "Authority") and the Issuer (the "Loan Agreements"); and

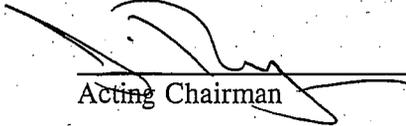
(5) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Series 2002 A Bonds and Series 2002 B Bonds.

You are hereby requested and authorized to deliver the Series 2002 A Bonds to the Authority upon payment to the account of the Issuer of the sum of \$580,429, representing the agreed purchase price of the Series 2002 A Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Series 2002 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

You are hereby requested and authorized to deliver the Series 2002 B Bonds to the Authority upon payment to the account of the Issuer of the sum of \$121,522, representing the agreed purchase price of the Series 2002 B Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Series 2002 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first above written.

LINCOLN PUBLIC SERVICE DISTRICT



Acting Chairman

07/30/02
523780.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$580,429

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIVE HUNDRED EIGHTY THOUSAND FOUR HUNDRED TWENTY NINE DOLLARS (\$580,429), in annual installments on October 1 of each year, commencing October 1, 2003, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 6, 2002.

This Bond is issued (i) to pay the costs of design, acquisition, construction and equipping of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called

the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on August 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 5, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,056,000 (THE "SERIES 1975 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998, DATED DECEMBER 28, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$198,016 (THE "SERIES 1998 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$121,522 (THE "SERIES 2002 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2002 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the monies in the Series 2002 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expense of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2002 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts

established for any other obligations outstanding on a parity with the Bonds, including the Series 2002 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 6, 2002.

[SEAL]

SPECIMEN

By: _____
Its: Chairman

ATTEST: **SPECIMEN**

Its: Secretary

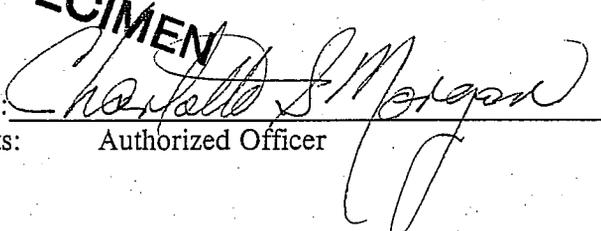
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 6, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

By: 

Its:

Authorized Officer

08/01/02,
523780.00001

EXHIBIT A

DEBT SERVICE SCHEDULE

Lincoln Public Service District (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of \$580,429

5.8% Interest Rate

Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Year	Principal	Interest	Total	Balance
10/01/2002	-	-	5,143.25	5,143.25
4/01/2003	-	-	16,832.44	16,832.44
10/01/2003	4,773.00	5.800%	16,832.44	21,605.44
4/01/2004	-	-	16,694.02	16,694.02
10/01/2004	5,050.00	5.800%	16,694.02	21,744.02
4/01/2005	-	-	16,547.57	16,547.57
10/01/2005	5,343.00	5.800%	16,547.57	21,890.57
4/01/2006	-	-	16,392.63	16,392.63
10/01/2006	5,653.00	5.800%	16,392.63	22,045.63
4/01/2007	-	-	16,228.69	16,228.69
10/01/2007	5,980.00	5.800%	16,228.69	22,208.69
4/01/2008	-	-	16,055.27	16,055.27
10/01/2008	6,327.00	5.800%	16,055.27	22,382.27
4/01/2009	-	-	15,871.79	15,871.79
10/01/2009	6,694.00	5.800%	15,871.79	22,565.79
4/01/2010	-	-	15,677.66	15,677.66
10/01/2010	7,083.00	5.800%	15,677.66	22,760.66
4/01/2011	-	-	15,472.25	15,472.25
10/01/2011	7,493.00	5.800%	15,472.25	22,965.25
4/01/2012	-	-	15,254.96	15,254.96
10/01/2012	7,928.00	5.800%	15,254.96	23,182.96
4/01/2013	-	-	15,025.05	15,025.05
10/01/2013	8,388.00	5.800%	15,025.05	23,413.05
4/01/2014	-	-	14,781.79	14,781.79
10/01/2014	8,874.00	5.800%	14,781.79	23,655.79
4/01/2015	-	-	14,524.45	14,524.45
10/01/2015	9,389.00	5.800%	14,524.45	23,913.45
4/01/2016	-	-	14,252.17	14,252.17
10/01/2016	9,933.00	5.800%	14,252.17	24,185.17
4/01/2017	-	-	13,964.11	13,964.11
10/01/2017	10,510.00	5.800%	13,964.11	24,474.11
4/01/2018	-	-	13,659.32	13,659.32
10/01/2018	11,119.00	5.800%	13,659.32	24,778.32
4/01/2019	-	-	13,336.87	13,336.87
10/01/2019	11,764.00	5.800%	13,336.87	25,100.87
4/01/2020	-	-	12,995.71	12,995.71
10/01/2020	12,446.00	5.800%	12,995.71	25,441.71
4/01/2021	-	-	12,634.78	12,634.78
10/01/2021	13,168.00	5.800%	12,634.78	25,802.78
4/01/2022	-	-	12,252.91	12,252.91
10/01/2022	13,932.00	5.800%	12,252.91	26,184.91
4/01/2023	-	-	11,848.88	11,848.88
10/01/2023	14,740.00	5.800%	11,848.88	26,588.88
4/01/2024	-	-	11,421.42	11,421.42
10/01/2024	15,595.00	5.800%	11,421.42	27,016.42
4/01/2025	-	-	10,969.16	10,969.16
10/01/2025	16,500.00	5.800%	10,969.16	27,469.16

Lincoln Public Service District (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of \$580,429

5.8% Interest Rate

Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Summ	Interest	Total
4/01/2026	-	-	10,490.66	10,490.66
10/01/2026	17,457.00	5.800%	10,490.66	27,947.66
4/01/2027	-	-	9,984.41	9,984.41
10/01/2027	18,469.00	5.800%	9,984.41	28,453.41
4/01/2028	-	-	9,448.81	9,448.81
10/01/2028	19,540.00	5.800%	9,448.81	28,988.81
4/01/2029	-	-	8,882.15	8,882.15
10/01/2029	20,674.00	5.800%	8,882.15	29,556.15
4/01/2030	-	-	8,282.60	8,282.60
10/01/2030	21,873.00	5.800%	8,282.60	30,155.60
4/01/2031	-	-	7,648.29	7,648.29
10/01/2031	23,141.00	5.800%	7,648.29	30,789.29
4/01/2032	-	-	6,977.20	6,977.20
10/01/2032	24,484.00	5.800%	6,977.20	31,461.20
4/01/2033	-	-	6,267.16	6,267.16
10/01/2033	25,904.00	5.800%	6,267.16	32,171.16
4/01/2034	-	-	5,515.95	5,515.95
10/01/2034	27,406.00	5.800%	5,515.95	32,921.95
4/01/2035	-	-	4,721.17	4,721.17
10/01/2035	28,995.00	5.800%	4,721.17	33,716.17
4/01/2036	-	-	3,880.32	3,880.32
10/01/2036	30,677.00	5.800%	3,880.32	34,557.32
4/01/2037	-	-	2,990.68	2,990.68
10/01/2037	32,457.00	5.800%	2,990.68	35,447.68
4/01/2038	-	-	2,049.43	2,049.43
10/01/2038	34,339.00	5.800%	2,049.43	36,388.43
4/01/2039	-	-	1,053.60	1,053.60
10/01/2039	36,331.00	5.800%	1,053.60	37,384.60
Total	580,429.00	-	846,915.91	1,427,344.91

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$121,522

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE HUNDRED TWENTY ONE THOUSAND FIVE HUNDRED TWENTY TWO DOLLARS (\$121,522), in annual installments on October 1 of each year, commencing October 1, 2003, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 6, 2002.

This Bond is issued (i) to fund the Series 1975 Bonds Reserve Account; (ii) to pay certain extraordinary expenses and operating expenses of the System; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The

existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on August 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 5, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,056,000 (THE "SERIES 1975 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998, DATED DECEMBER 28, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$198,016 (THE "SERIES 1998 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$580,429 (THE "SERIES 2002 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2002 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided

however, that so long as there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

SPECIMEN

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

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 6, 2002.

[SEAL]

SPECIMEN
By: _____
Its: Chairman

ATTEST:
SPECIMEN
Sharon F. Rye

Its: Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 6, 2002

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN
By *Charlene S. Morgan*
Its: Authorized Officer

EXHIBIT ADEBT SERVICE SCHEDULE

Lincoln Public Service District (West Virginia)

WDA Supplemental Loan of \$121,522

5.8% Interest Rate

Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Interest	Total	Balance
10/01/2002	-	-	1,076.82	1,076.82
4/01/2003	-	-	3,524.14	3,524.14
10/01/2003	999.00	5.800%	3,524.14	4,523.14
4/01/2004	-	-	3,495.17	3,495.17
10/01/2004	1,057.00	5.800%	3,495.17	4,552.17
4/01/2005	-	-	3,464.51	3,464.51
10/01/2005	1,119.00	5.800%	3,464.51	4,583.51
4/01/2006	-	-	3,432.06	3,432.06
10/01/2006	1,183.00	5.800%	3,432.06	4,615.06
4/01/2007	-	-	3,397.76	3,397.76
10/01/2007	1,252.00	5.800%	3,397.76	4,649.76
4/01/2008	-	-	3,361.45	3,361.45
10/01/2008	1,325.00	5.800%	3,361.45	4,686.45
4/01/2009	-	-	3,323.02	3,323.02
10/01/2009	1,402.00	5.800%	3,323.02	4,725.02
4/01/2010	-	-	3,282.37	3,282.37
10/01/2010	1,483.00	5.800%	3,282.37	4,765.37
4/01/2011	-	-	3,239.36	3,239.36
10/01/2011	1,569.00	5.800%	3,239.36	4,808.36
4/01/2012	-	-	3,193.86	3,193.86
10/01/2012	1,660.00	5.800%	3,193.86	4,853.86
4/01/2013	-	-	3,145.72	3,145.72
10/01/2013	1,756.00	5.800%	3,145.72	4,901.72
4/01/2014	-	-	3,094.79	3,094.79
10/01/2014	1,858.00	5.800%	3,094.79	4,952.79
4/01/2015	-	-	3,040.91	3,040.91
10/01/2015	1,966.00	5.800%	3,040.91	5,006.91
4/01/2016	-	-	2,983.90	2,983.90
10/01/2016	2,080.00	5.800%	2,983.90	5,063.90
4/01/2017	-	-	2,923.58	2,923.58
10/01/2017	2,200.00	5.800%	2,923.58	5,123.58
4/01/2018	-	-	2,859.78	2,859.78
10/01/2018	2,328.00	5.800%	2,859.78	5,187.78
4/01/2019	-	-	2,792.27	2,792.27
10/01/2019	2,463.00	5.800%	2,792.27	5,255.27
4/01/2020	-	-	2,720.84	2,720.84
10/01/2020	2,606.00	5.800%	2,720.84	5,326.84
4/01/2021	-	-	2,645.26	2,645.26
10/01/2021	2,757.00	5.800%	2,645.26	5,402.26
4/01/2022	-	-	2,565.31	2,565.31
10/01/2022	2,917.00	5.800%	2,565.31	5,482.31
4/01/2023	-	-	2,480.72	2,480.72
10/01/2023	3,086.00	5.800%	2,480.72	5,566.72
4/01/2024	-	-	2,391.22	2,391.22
10/01/2024	3,265.00	5.800%	2,391.22	5,656.22
4/01/2025	-	-	2,296.54	2,296.54
10/01/2025	3,455.00	5.800%	2,296.54	5,751.54

Lincoln Public Service District (West Virginia)

WDA Supplemental Loan of \$121,522

5.8% Interest Rate

Closing Date: August 6, 2002

DEBT SERVICE SCHEDULE

Period	Principal	Interest	Total
4/01/2026	-	-	2,196.34
10/01/2026	3,655.00	5.800%	2,196.34
4/01/2027	-	-	2,090.35
10/01/2027	3,867.00	5.800%	2,090.35
4/01/2028	-	-	1,978.21
10/01/2028	4,091.00	5.800%	1,978.21
4/01/2029	-	-	1,859.57
10/01/2029	4,328.00	5.800%	1,859.57
4/01/2030	-	-	1,734.06
10/01/2030	4,579.00	5.800%	1,734.06
4/01/2031	-	-	1,601.26
10/01/2031	4,845.00	5.800%	1,601.26
4/01/2032	-	-	1,460.76
10/01/2032	5,126.00	5.800%	1,460.76
4/01/2033	-	-	1,312.11
10/01/2033	5,423.00	5.800%	1,312.11
4/01/2034	-	-	1,154.84
10/01/2034	5,738.00	5.800%	1,154.84
4/01/2035	-	-	988.44
10/01/2035	6,071.00	5.800%	988.44
4/01/2036	-	-	812.38
10/01/2036	6,423.00	5.800%	812.38
4/01/2037	-	-	626.11
10/01/2037	6,795.00	5.800%	626.11
4/01/2038	-	-	429.06
10/01/2038	7,189.00	5.800%	429.06
4/01/2039	-	-	220.57
10/01/2039	7,606.00	5.800%	220.57
Total	121,522.00	-	177,314.02
			298,836.02

SPECIMEN

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:



Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

August 6, 2002

Lincoln Public Service District
Water Revenue Bonds, Series 2002 A
(West Virginia Water Development Authority)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Lincoln Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$580,429 Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 6, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 2002, at the rate of 5.8% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2003, and ending October 1, 2039, all as set forth in the "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of design, acquisition, construction and equipping of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on August 5, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 5, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The



Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.
3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1975, dated November 3, 1977, Water Revenue Design Bonds, Series 1998, dated December 28, 1998, and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), issued simultaneously herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,


STEPTOE & JOHNSON PLLC

August 6, 2002

Lincoln Public Service District
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Lincoln Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$121,522 Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 6, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 2002, at the rate of 5.8% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2003, and ending October 1, 2039, all as set forth in the "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) funding the Series 1975 Bonds Reserve Account; (ii) paying certain extraordinary expenses and operating expenses of the System; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on August 5, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 5, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms

used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement.

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

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

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

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1975, dated November 3, 1977, Water Revenue Design Bonds, Series 1998, dated December 28, 1998, and Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), issued simultaneously herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Lincoln Public Service District, et al.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Steptoe & Johnson PLLC", written in a cursive style.

STEPTOE & JOHNSON PLLC

07/30/02
523780.00001

CH518728.1

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WRITER'S DIRECT DIAL NO.

August 6, 2002

Lincoln Public Service District
Water Revenue Bonds, Series 2002 A and Series 2002 B
(West Virginia Water Development Authority)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Lincoln Public Service District, a public service district, in Lincoln and Kanawha Counties, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, the loan agreements dated August 6, 2002, including all schedules and exhibits attached thereto, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreements"), the Bond Resolution duly adopted by the Issuer on August 5, 2002, as supplemented by the Supplemental Resolution duly adopted by the Issuer on August 5, 2002 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commissions of Lincoln and Kanawha Counties relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

We are of the opinion, based on the current laws of West Virginia and federal laws, as of the date hereof, that:

SPILMAN THOMAS & BATTLE, PLLC

Lincoln Public Service District, et. al.

August 6, 2002

Page 2

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

2. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.

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

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

5. To the best of our knowledge after due inquiry, the execution and delivery of the Bonds and the Loan Agreements and the consummation of the transactions contemplated by the Bonds, the Loan Agreements and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, resolution, or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the design, acquisition, construction and equipping of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, certificates and approvals from The County Commissions of Lincoln and Kanawha Counties, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia. The Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision entered on April 26, 2002 and the Commission Order entered on June 27, 2002 of the Public Service Commission of West Virginia, in Case No. 01-0363-PWD-19A, among other things, approving the financing for the Project and the rates and charges of the System. The time for appeal of such Orders has expired prior to the date hereof without any appeal having been filed. With respect to the certification as to permits, we have relied upon the Certificate of Engineer of Tony Kitzmiller, P.E. of Haworth, Meyer & Boleyn, Inc. dated August 6, 2002 and delivered concurrently herewith.

7. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or

SPILMAN THOMAS & BATTLE, PLLC

Lincoln Public Service District, et. al.
August 6, 2002
Page 3

threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Bond Legislation, the design, acquisition, construction and equipping of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

8. Prior to the execution of construction contracts by the Issuer, we will verify that all successful bidders have made required provisions for all insurance and payment and performance bonds and we will verify such policies or binders and such bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

The enforceability of the obligations of the parties under the documents described above is subject to and may be limited by applicable bankruptcy, fraudulent transfer, insolvency, rehabilitation, reorganization, dissolution, moratorium and similar laws of general application relating to or affecting the rights of creditors.

We express no opinion as to the taxability of the interest on the Bonds under the laws of the United States, any state or other jurisdiction.

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

Very truly yours,

Spilman, Thomas & Battle, PLLC

SPILMAN, THOMAS & BATTLE, PLLC

[RESERVED]

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENTS
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS
20. CONFLICT OF INTEREST
21. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Lincoln Public Service District in Lincoln and Kanawha Counties, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer (provided, however, that Counsel does not make any certification with respect to the matters included in Sections 7, 16, 17, 18, 20 and the first paragraph in Section 4), hereby certify in connection with the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) (the "Series 2002 A Bonds") and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), both dated the date hereof (the "Series 2002 B Bonds," and collectively with the Series 2002 A Bonds, the "Series 2002 Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer duly adopted August 5, 2002, and a Supplemental Resolution of the Issuer duly adopted August 5, 2002 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the design, acquisition, construction and equipping of the Project, the operation of the System, the receipt of the Grant proceeds, if any, or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, if any, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the design, acquisition, construction and equipping of the Project, the operation of the System, the receipt of the Grant proceeds, if any, the collection of the Gross Revenues or the pledge of Net Revenues for payment of the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the design, acquisition, construction and equipping of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the design, acquisition, construction and equipping of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect. With respect to the certification as to permits, Counsel to the Issuer has relied upon the Certificate of Engineer of Tony Kitzmiller, P.E. of Haworth, Meyer & Boleyn, Inc. dated August 6, 2002 and delivered concurrently herewith.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreements, and the Issuer has met all conditions prescribed in the Loan Agreements entered into between the Issuer and the Authority. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1975, dated November 3, 1977, issued in the original aggregate principal amount of \$1,056,000 (the "Series 1975 Bonds") and the Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 28, 1998,

issued in the original aggregate principal amount of \$198,016 (the "Series 1998 Bonds") (collectively, the "Prior Bonds").

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the Prior 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.

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

Bond Resolution

Supplemental Resolution

Supplemental Resolution to 1975 Bond Resolution

Series 2002 A Bonds Loan Agreement

Series 2002 B Bonds Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating, Consolidating and Enlarging District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavits of Publication on Borrowing and on Notice of Meeting to Adopt Bond Resolution

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

1975 Bond Resolution

1998 Bond Resolution

Consent of Rural Utilities Service

Consent of West Virginia Water Development Authority

Environmental Health Services Permit

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Lincoln Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Lincoln and Kanawha Counties and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
M. P. McKinney	07/01/01	06/30/06
Billy K. Wright	07/01/99	06/30/05
James E. Ryan	07/01/97	06/30/03

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2002 are as follows:

Chairman	-	M. P. McKinney
Acting Chairman	-	James E. Ryan
Secretary/Treasurer	-	Sharon Ryan

The duly appointed and acting counsel to Issuer is Spilman, Thomas & Battle, PLLC of Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: Except as hereinafter provided all land in fee simple and all rights-of-way and easements necessary for the design, acquisition, construction and equipping of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

As part of the Project the Issuer will hire contractors to perform six road bores to replace existing undersized distribution lines. Construction easements, to the extent necessary, have not yet been obtained for these road bores. The Issuer hereby covenants that construction on these road bores will not begin until all necessary construction easements have been obtained and counsel for the Issuer is of the opinion that the Issuer has the legal authority necessary to permit the contractors to enter on the property for construction of the road bores.

The Issuer and the Purchaser agree that this Project is a required precursor to the Issuer's upcoming Garrett's Bend project. The Garrett's Bend project will be financed through the Issuer's issuance of bonds to be purchased by the United States Department of Agriculture, Rural Utilities Service ("RUS"). As a condition to the purchase of the aforementioned bonds, RUS will require that counsel to the District issue a title opinion reflecting that all real property and interests in real property necessary for the operation of the system and construction of the Project are owned by the Issuer (the "Title Opinion"). The Issuer hereby agrees that, simultaneously with the issuance of the Title Opinion to RUS, the Issuer will cause its counsel to issue an identical Title Opinion to the Purchaser. The Issuance of such a Title Opinion to the Purchaser shall be a precondition to the Purchaser granting parity consent to the Issuer for the Garrett's Bend project.

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

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

9. **CONTRACTORS' INSURANCE, ETC.:** Prior to the execution of construction contracts by the Issuer, all contractors will be required to make required provisions for Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreements is in full force and effect.

10. **LOAN AGREEMENTS:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any 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; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreements which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations made in the Loan Agreements.

11. **RATES:** The Issuer has received the Recommended Decision entered on April 26, 2002, made final by the Commission Order entered on June 27, 2002, of the Public Service Commission of West Virginia in Case No. 01-0363-PWD-19A, approving the rates and charges for the services of the System; and has adopted a resolution prescribing such rates and charges. The time for appeal of such Orders has expired prior to the date hereof without any appeal and such rates and charges are currently in effect.

12. **PUBLIC SERVICE COMMISSION ORDERS:** The Issuer has received the Recommended Decision entered on April 26, 2002, made final by the Commission Order entered on June 27, 2002, of the Public Service Commission of West Virginia in Case No.01-0363-PWD-19A, approving the financing for the Project and the rates and charges for the System. The time for appeal of such Orders has expired prior to the date hereof without any appeal having been filed.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Series 2002 A Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1 and the Series 2002 B Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered BR-1, both dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially

authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the 2002 A Bonds, being \$580,429 (100% of par value), there being no interest accrued thereon, and the agreed purchase price of the Series 2002 B Bonds, being \$121,522 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things, the design, acquisition, construction and equipping of the Project, anticipated user rates and charges and the issuance of the Bonds.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

17. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially execute a properly completed IRS Form 8038-G in connection with the Series 2002 A Bonds and will cause such executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Odgen, Utah. The information contained in such executed Form 8038-G is true, correct and complete.

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2002 Bonds.

20. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

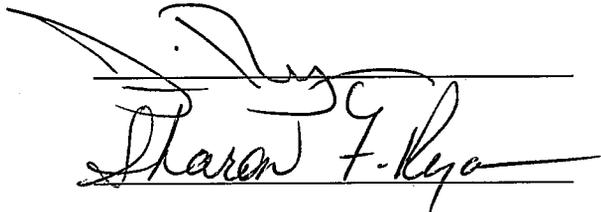
21. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of LINCOLN PUBLIC SERVICE DISTRICT on this 6th day of August, 2002.

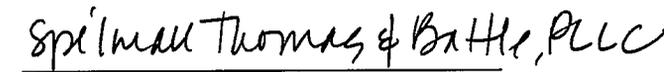
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Acting Chairman



Secretary

Counsel to Issuer

07/31/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

The undersigned Acting Chairman of the Public Service Board of Lincoln Public Service District in Lincoln County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$580,429 in aggregate principal amount of Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer, dated August 6, 2002 (the "Bonds" or the "Series 2002 A Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on August 5, 2002, as supplemented (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 6, 2002, the date on which the Bonds are to be physically delivered in exchange for the entire principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with

respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, 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 Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Series 2002 A Bonds were sold on August 6, 2002, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated August 6, 2002, by and among the Issuer and the Authority, for an aggregate purchase price of \$580,429 (100% of par value), at which time, the Issuer received \$580,429 from the Authority. On the date hereof, the Issuer has simultaneously issued its Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), in the original principal amount of \$121,522 (the "Series 2002 B Bonds").

7. The Series 2002 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of design, acquisition, construction and equipping of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2003, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by December 1, 2002.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$580,429. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 A Bonds	\$580,429
Total Sources	<u>\$580,429</u>

USES

Acquisition, Construction and Equipping of Project	\$549,070.25
Cost of Issuance	\$31,358.75
Total Uses	<u>\$580,429</u>

Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);
- (3) Series 2002 A Bonds Construction Trust Fund;
- (4) Series 2002 B Bonds Construction Trust Fund;
- (5) Rebate Fund;
- (6) Series 1975 Bonds Reserve Account (established by the Prior 1975 Reserve);
- (7) Series 2002 A Bonds Sinking Fund;

- (8) Series 2002 A Bonds Reserve Account;
- (9) Series 2002 B Bonds Sinking Fund; and
- (10) Series 2002 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

A. From the proceeds of the Series 2002 A Bonds, there shall first be deposited with the Commission in the Series 2002 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2002 A Bonds for the period commencing on the date of issuance of the Series 2002 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2002 A Bonds, there shall be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 A Bonds Reserve Account.

C. The remaining monies derived from the sale of the Series 2002 A Bonds shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 of the Bond Resolution.

The Issuer reasonably expects that (i) at least 85% of the net sale proceeds of the Bonds will be spent on the Project within 3 years from the date of issuance of the Bonds; (ii) within 6 months of the date of issuance of the Bonds the Issuer will incur a substantial obligation to a third party to expend at least 5% of the net sale proceeds of the Bonds on the Project, and (iii) completion of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will proceed with due diligence. Accordingly, amounts in the Series 2002 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such monies are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of acquisition and construction of the Project previously incurred and paid by the Issuer with its own funds.

12. Monies held in the Series 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 A Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2002 A Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2002 A Bonds, or which are pledged as collateral for the Series 2002 A Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2002 A Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any 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 desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 2002 A Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 2002 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2002 A Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 2002 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2002 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Series 2002 A Bonds.

15. Work with respect to the acquisition and construction of the Project[#] will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 4 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 2002 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 2002 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended within 7 months from the date of issuance thereof.

18. The Series 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account) are intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account). Except as otherwise allowed, any money deposited in the Series 2002 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2002 A Bonds Reserve Account) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2002 A Bonds Sinking Fund (other than in the Series 2002 A Bonds Reserve Account) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds will be spent as expeditiously as possible.

20. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

21. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

25. The Issuer shall use the Series 2002 A Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

26. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

27. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

29. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

30. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

31. The Issuer has either (a) funded the Series 2002 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds, in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2002 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Series 2002 A Bonds will be sold or otherwise disposed of prior to the last maturity date of the Series 2002 A Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted 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 the Resolution authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which 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. The Issuer has further covenanted to 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. 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.

35. The Bonds are each a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. Other than the Series 2002 B Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2002 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the Series 2002 A Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Series 2002 A Bonds.

39. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

42. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

43. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 6th day of August, 2002.

LINCOLN PUBLIC SERVICE DISTRICT


Acting Chairman

08/01/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Lincoln Public Service District in Lincoln and Kanawha Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$121,522 Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), of the Issuer, dated August 6, 2002 (the "Series 2002 B Bonds" or "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on August 5, 2002 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 6, 2002, the date on which the Bonds are being physically delivered in exchange for the principal of the Series 2002 B Bonds, being \$121,522 (100% par value), and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2002 B Bonds were sold on August 6, 2002, to the Authority, pursuant to a loan agreement dated August 6, 2002, by and between the Issuer and the Authority, for an aggregate purchase price of \$121,522 (100% of par), at which time, the Issuer received \$121,522 from the Authority, being the principal amount of the Series 2002 B Bonds. No accrued interest has been or will be paid on the Series 2002 B Bonds.

6. The Series 2002 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) funding the Series 1975 Bonds Reserve Account; (ii) paying certain extraordinary expenses and operating expenses of the System; and (iii) paying certain costs of issuance and related costs (the "Project").

7. The allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in Series 2002 B Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September 6, 2002.

8. The total cost of the Project financed from the proceeds of the Bonds is estimated at \$121,522. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 B Bonds	\$ <u>121,522</u>
Total Sources	\$ <u>121,522</u>

USES

Funding Series 1975 Bonds Reserve Account	\$ 62,220
Extraordinary and Operating Expenses of the System	59,302
Costs of Issuance	0
Total Uses	\$ <u>121,522</u>

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);

- (3) Series 2002 B Bonds Construction Trust Fund;
- (4) Rebate Fund;
- (5) Series 1975 Bonds Reserve Account (established by the Prior 1975 Reserve;
- (6) Series 2002 A Bonds Sinking Fund;
- (7) Series 2002 A Bonds Reserve Account;
- (8) Series 2002 B Bonds Sinking Fund; and
- (9) Series 2002 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

A. From the proceeds of the Series 2002 B Bonds, there shall first be deposited with the Commission in the Series 2002 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 B Bonds Reserve Account.

C. Next, from the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 1975 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution to fully fund the Series 1975 Bonds Reserve Account to the requirement therefor.

D. The remaining monies derived from the sale of the Series 2002 B Bonds shall be deposited with the Depository Bank in the Series 2002 B Bonds Construction Trust Fund and applied solely to payment of certain extraordinary expenses and Operating Expenses of the System in the manner set forth in Section 6.02 of the Bond Resolution.

11. Monies held in the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 B Bonds and will not be available to meet costs of the Project. Monies in the Series 2002 B Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2002 B Bonds as the same shall become due, when other monies in the Series 2002 B Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2002 B Bonds

Sinking Fund and the Series 2002 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 2002 B Bonds, and then to the next ensuing principal payments due thereon.

12. The Project is expected to be completed within one month of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2002 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within one month from the date of issuance thereof.

15. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

16. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the Project.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2002 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2002 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest

which will mature and become due, on the Bonds in the then current or any succeeding year. Monies in the Series 2002 B Bonds Reserve Account and the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the acquisition and construction of the Project.

24. Other than the Series 2002 A Bonds issued concurrently on the date hereof, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

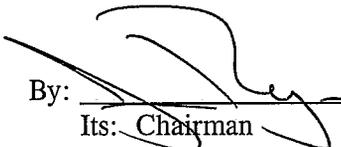
25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds.

27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 6th day of August, 2002.

LINCOLN PUBLIC SERVICE DISTRICT

By:  _____

Its: Chairman

523780.00001

CH540133.1

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

I, T.B. Kitzmiller, Registered Professional Engineer, West Virginia License No. 5656, of Haworth, Meyer & Boleyn, Inc., South Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the design, acquisition, construction and equipping of certain improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Lincoln Public Service District (the "Issuer") to be constructed primarily in Lincoln and Kanawha Counties, West Virginia, which design, acquisition, construction and equipping are being financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on August 5, 2002 as supplemented by the Supplemental Resolution adopted by the Issuer on August 5, 2002, and the Loan Agreements, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated August 6, 2002.

2. The Bonds are being issued for the purposes of (i) paying the costs of design, acquisition, construction and equipping of the Project, (ii) funding the Series 1975 Bonds Reserve Account; (iii) paying certain extraordinary expenses and operating expenses of the System; and (iv) paying costs of issuance of the Bonds and related costs.

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

attached hereto as Exhibit A, and in reliance upon the opinion of Spilman, Thomas & Battle PLLC, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the West Virginia Bureau for Public Health and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the design, acquisition, construction and equipping of the Project and the operation of the System; (ix) in reliance upon the certificate of Griffith & Associates, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of design, acquisition, construction and equipping of the Project set forth in Schedule A attached hereto; and (xi) attached hereto as EXHIBIT A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project for the Bonds.

WITNESS my signature and seal on this 6th day of August, 2002.



[SEAL]

HAWORTH, MEYER & BOLEYN, INC.

A handwritten signature in black ink, appearing to read "T.B. Kitzmiller", written over a horizontal line.

T.B. Kitzmiller, P.E.
West Virginia License No. 5656

08/01/02
523780.00001

EXHIBIT A

Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing
for the Bonds

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Schedule A

LINCOLN PUBLIC SERVICE DISTRICT

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

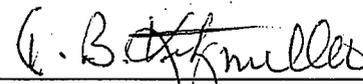
A. Cost of Project	Total	Series A Bonds	Series B Bonds
1. Construction			
a. Water Treatment Plant	\$144,308.00	\$144,308.00	
b. Distribution System Improvements	\$98,975.00	\$98,975.00	
c. Road Bores	\$30,000.00	\$30,000.00	
2. Engineer Fees	\$35,000.00	\$35,000.00	
3. Legal	\$32,238.88	\$32,238.88	
4. Equipment Purchase	\$128,450.73	\$128,450.73	
5. Extraordinary Expenses			
a. Fund S. 1975 Bonds Reserve Acct	\$62,220.00		\$62,220.00
b. Payment to Lincoln EDA	\$15,000.00		\$15,000.00
c. Water Hauling - Starlight Drive	\$28,000.00		\$28,000.00
6. Deferred Operational Expenses	\$16,301.45		\$16,301.45
7. Miscellaneous			
a. Capital Expenses	\$55,487.12	\$55,487.12	
b. Principal Payment to Lincoln EDA	\$6,000.00	\$6,000.00	
c. Rounding	\$0.55		\$0.55
8. Contingency		\$18,610.52	
9. Total Lines 1 through 7		\$549,070.25	\$121,522.00
B. Sources of Funds			
10. Local	\$0.00		
11. Net Proceeds Required from Bond Issue (Line 9 minus Line 10)	\$670,592.25	\$549,070.25	\$121,522.00

C. Cost of Financing			
12. Other Costs			
a. Bond Counsel	\$22,500.00	\$22,500.00	
b. Accountant	\$8,608.75	\$8,608.75	
c. Registrar	\$250.00	\$250.00	
13. Total Cost of Financing (Line 12a through 12c)	\$31,358.75	\$31,358.75	\$0.00
14. Size of Bond Issue (Line 9 plus Line 13)		\$580,429.00	\$121,522.00



 LINCOLN PUBLIC SERVICE DISTRICT

Aug 05, 2002
 Date



 HAWORTH, MEYER & BOLEYN, INC.

8/05/2002
 Date

Draft Prepared: 8/02/2002
 Doc. Number: CH540939
 Client/Matter Number: 523780.00001

 **GRIFFITH & ASSOCIATES**

Michael D. Griffith, CPA

D. Denise Pauley, CPA

William Baisden, CPA

950 Little Coal River Road Alum Creek, West Virginia 25003

Office (304) 756-3600 Fax: (304) 756-2911

Lincoln Public Service District
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

Lincoln Public Service District
Alum Creek, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentleman:

Based upon the water rates and charges recommended and detailed in the Staff Report of the Public Service Commission Staff and set forth in the Recommended Decision entered April 26, 2002, made final in the Commission Order dated June 27, 2002 of the Public Service Commission of West Virginia in Case No. 01-0363-PWD-19A, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Lincoln Public Service District (the "Issuer"), it is my 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 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority) (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Issuer's Water Revenue Bonds, Series 1975 and Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds").

It is further my opinion that the Net Revenues for the fiscal year following the year in which the Bonds are issued will be at least 115% of the average annual debt service requirements on the Bonds and the Prior Bonds. All capitalized terms used herein and not defined herein shall have the same meaning as set forth in the Bond Resolution authorizing the Bonds.

Sincerely,



Michael D. Griffith, CPA
August 6, 2002

IN THE COUNTY COURT OF LINCOLN COUNTY
WEST VIRGINIA

PRESENT: W. W. Oxley, President
Vernon McCoy, Commissioner
Kenneth Whitten, Commissioner

WHEREAS, The County Court of Lincoln County, West Virginia, pursuant to and by virtue of the authority vested in it by Section 2, Article 13 A, Chapter 16 of the Code of West Virginia of 1931, as last amended, did on the 7th day of October, 1961, of its own motion, create a Public Service District, to be thereafter known as "Lincoln Public Service District," embracing parts of Washington Districts of Kanawha and Lincoln Counties, West Virginia, the major portion thereof being within the confines of the boundaries of Lincoln County, West Virginia; and

WHEREAS, There being no city, incorporated town or other municipal corporation included within said District, the County Court appointed the following three persons that reside in said district as members of the Board of said District for the terms shown after their names:

C. E. Curry	Six years
Jack Vickers	Four years
Raymond Surface	Two years

their terms to run from October 7, 1961; and

WHEREAS, Said members of said board on the 7th day of October, 1961, did meet in the Office of the Clerk of the County Court of Lincoln County, West Virginia, and took the oath of office prescribed by law, and thereafter organized said board, and have since said date continued to discharge the duties of their office; and

WHEREAS, in creating said Public Service District there were certain errors and

omissions which the Court is now desirous of correcting;

NOW, THEREFORE, BE IT ACCORDINGLY ORDERED AND DECREED:

(1) The County Court of Lincoln County, West Virginia, proposes to create and reconstitute the Lincoln Public Service District, as a public corporation and political subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, embracing the following area and territory:

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 20" north and a longitude of 81 degrees 48' west, and running thence 5.54 degrees 40' W. 3.3 miles to a point 3950 feet south of West Virginia primary route 14 and having a latitude of 39 degrees 14' 40" north and a longitude of 81 degrees 51' west, thence north 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 39 degrees 16' north and longitude 81 degrees 51' west; thence N. 20 degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to a point in Big Coal River at latitude 39 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 6.35 square miles, more or less,

all as shown upon a map or plat made by J. H. Millam, Inc., dated September 16, 1961, which map or plat has been heretofore filed in this proceeding.

(2) That all matters arising upon said motion to create and reconstitute the said public service district shall be heard before the Court on the 6th day of July, 1963, at the hour of 10:00 o'clock a.m. in the Court Room at Hamlin, Lincoln County, West Virginia, and the Clerk of this Court is ordered forthwith to publish a notice in the Lincoln Democrat, a newspaper of general circulation in Lincoln County, West Virginia, setting forth the contents of this order, including a description of the territory proposed to be included within said Public Service District and providing that all persons residing in or owning or having any interest in property in said district desiring to be heard for or against the creation of said district will be heard, said notice to be published one time and not less than ten days prior to said hearing.

(3) The Clerk of this Court is further ordered to forthwith transmit certified copies of this order to the Clerk and the County Court of Kanawha County, West Virginia, at Charleston, and shall in the transmittal, request the Clerk of the County Court of Kanawha County, West Virginia, to publish a notice in a newspaper of general circulation in Kanawha County, West Virginia, setting forth the contents of this order, including a description of the territory proposed to be included within said Public Service District and providing that all persons residing in or owning or having any interest in property in such proposed District would be heard, said notice to be published one time and not less than ten days prior to said hearing date and shall specifically designate the hour, date and place of said hearing, which shall not be more than forty days nor less than twenty days from the date of this action.

(4) Nothing in this order is intended to or shall affect the actions taken by the said Lincoln Public Service District prior hereto under the authority of the order of this Court, this proceeding being primarily to correct errors and omissions in the prior order of the Court.

The Clerk shall enter the foregoing this the 1st day of June, 1963.

/s/ W. W. O'Leary
President

STATE OF WEST VIRGINIA, LINCOLN COUNTY CLERK'S OFFICE.
I, GEORGE W. JONNICH, Clerk of said Court, do hereby certify
That the foregoing is a true and correct copy and transcript
from the records of my office.

Given under my hand and seal of said court at
Hamlin, West Virginia, this the 1st day of June 1963

Book No. _____ George W. Jonnich Clerk, L. C. C.

at page _____ By Mavis Ellis Deputy

IN THE COUNTY COURT OF LINCOLN COUNTY

WEST VIRGINIA

PRESENT: W. W. Oxley, President
Yernon McCoy, Commissioner
Kenneth Whitten, Commissioner

WHEREAS, The County Court of Lincoln County, West Virginia, pursuant to and by virtue of the authority vested in it by Section 2, Article 13 A, Chapter 16, of the Code of West Virginia of 1931, as last amended, did on the 7th day of October, 1961, of its own motion, create a Public Service District, to be thereafter known as "Lincoln Public Service District," embracing parts of Washington Districts of Kanawha and Lincoln Counties, West Virginia, the major portion thereof being within the confines of the boundaries of Lincoln County, West Virginia; and

WHEREAS, There being no city, incorporated town or other municipal Corporation included within said District, the County Court appointed the following three persons that reside in said district as members of the Board of said District for the terms shown after their names:

C. E. Curry Six years

Jack Vickers Four years

Raymond Surface Two years

their terms to run from October 7, 1961; and

WHEREAS, Said members of said board on the 7th day of October, 1961, did meet in the Office of the Clerk of the County Court of Lincoln County, West Virginia, and took the oath of office prescribed by law, and thereafter organized said board, and have since said date continued to discharge the duties of their office; and

WHEREAS, The County Court of Lincoln County, West Virginia, by order made and entered on June 1, 1963, found that certain errors and omissions had occurred in the procedure creating said District; and

WHEREAS, By the last mentioned order the Court proposed, on its own motion, to create and recreate said Lincoln Public Service District as a public corporation and political subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, and thereupon ordered that all matters arising upon said motion to create and recreate the said public service district to be heard before the Court on the 6th day of July, 1963, at the hour of 10:00 a. m., in the Court Room at Hamlin, Lincoln County, West Virginia, and directed the Clerk of the Court to forthwith publish a notice in the Hamlin Democrat, a newspaper of general circulation in Lincoln County, West Virginia, setting forth the contents of said order, including a description of the territory proposed to be included within said Public Service District and providing that all persons residing in or owning or having any interest in property in said district desiring to be heard for or against the creation and recreation of said district would be heard for or against the creation and recreation of said district, said notice to be published one time and not less than ten days prior to said hearing; and

WHEREAS, By the last mentioned order the Court further directed the Clerk of the County Court of Lincoln County, West Virginia, to forthwith transmit certified copies of the order of the Court to the Clerk and the County Court of Kanawha County, West Virginia, at Charleston, and in said transmittal request the County Court and Clerk of the County Court of Kanawha County, West Virginia, to publish a notice in a newspaper of general circulation in Kanawha County, West Virginia, setting forth the contents of said order, including a description of the territory proposed to be included within said Public Service District and providing that all persons residing in or owning or having any interest in property in such proposed district would be heard, said notice to be published one time and not less than ten days prior to said hearing date and shall specifically designate the hour, date and place of said hearing;

NOW, THEREFORE, This cause came on again to be heard this the 6th day of July, 1963, that being the date fixed by the said order of the Court made and entered on the 1st day of June, 1963, for the conducting of the public hearing on the Court's motion to create and recreate said public service district.

Thereupon the Court President announced that due publication of notice of such hearing had been made in the *Herald Democrat*, a newspaper of general circulation in Lincoln County, West Virginia, on the 6th day of June, 1963, as appears from a certificate of publication tendered to the Court, which certificate was thereupon duly inspected and ordered filed, the major portion of said district being within the confines of the boundaries of said Lincoln County, West Virginia.

Thereupon the President further announced that the County Court of Kanawha County, West Virginia, had acknowledged the receipt of the order of the County Court of Lincoln County, West Virginia, by order made and entered on the 4th day of June, 1963, as appears from a certified copy of the order of said Court, together with a publication of notice of hearing in the *Charleston Gazette*, a newspaper of general circulation in Kanawha County, West Virginia, on the 5th day of June, 1963, as appears from a certificate of publication, said certified copy of said order and certificate of the publisher being thereupon inspected and ordered filed.

Thereupon the Court extended to all persons the opportunity to be heard and a number of persons residing in, owning or having an interest in property embraced in the area testified in favor of such creation and recreation and none in opposition thereto.

Thereupon the Court proceeded to a full hearing upon the proposal and feasibility of creating said public service district and at the conclusion thereof, on unanimous vote of all commissioners, the Court is of the opinion to and doth find that the creation and recreation of said public service district and construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties by said public service district will be conducive to the preservation of the health, comfort and convenience of all persons residing, in, owning

and having an interest in property in the area and that the creation and recreation will generally contribute to the welfare of the people of Lincoln and Kanawha Counties, West Virginia.

IT IS ACCORDINGLY, ORDERED AND DECREED:

1. A Public Service District within Washington District of Lincoln and Kanawha Counties, West Virginia, is hereby created and recreated, and said District shall have the following boundaries:

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 20" north and a longitude of 81 degrees 48' west, and running thence S. 54 degrees 40' W. 3.3 miles to a point 3260 feet south of West Virginia Primary Route 14 and having a latitude of 38 degrees 14' 40" north and a longitude of 81 degrees 51' west, thence north 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point of latitude 38 degrees 16' north and longitude 81 degrees 51' west, thence N. 20 degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point of latitude 38 degrees 16' north and longitude 81 degrees 50' west, thence east 1.15 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northwesterly 1 mile from West Virginia Primary Route 14 thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 6.33 square miles, more or less,

all as shown upon a map or plat made by J. H. Millam, Inc., dated September 16, 1961, which map or plat has been heretofore filed in this proceeding.

2. Said Public Service District shall have the name and corporate title of "LINCOLN PUBLIC SERVICE DISTRICT" and shall constitute a public corporation and political subdivision of the State of West Virginia, having all the rights and powers conferred on public service districts by the laws of the State of West Virginia, and

particularly by Article 13 A of Chapter 16, of the Code of West Virginia of 1961, as

last amended.

3. There being no city, incorporated town or other municipal corporation included within said district, the County Court hereby appoints and reappoints the following three persons residing within said district as members of the Public Service Board for said District for the terms shown after their names:

Clenton E. Curry Six years

Jack Vickers Four years

Raymond Surface Two years

such terms to run from July 1, 1963, all in accordance with the provisions of Article 13 A of Chapter 16 of the Code of West Virginia of 1931, as last amended. Said members shall qualify and requalify by meeting in the office of the Clerk of this Court forthwith and taking the oath of office in writing.

4. Nothing in this order is intended to or shall affect the actions taken by the said Lincoln Public Service District prior hereto under the authority of the order of this Court, this proceeding being primarily to correct errors and omissions in the prior order of the Court.

The Clerk shall enter the foregoing this the 6th day of July, 1963.

/s/ W. W. Oxley
President

STATE OF WEST VIRGINIA, LINCOLN COUNTY CLERK'S OFFICE.
I, GEORGE W. JOHNSON, Clerk of said Court, do hereby certify
That the foregoing is a true and correct copy and transcript
from the records of my office, aforesaid.
Given under my hand and seal of said court, at
Hamlin, West Virginia, this the 6th day of July, 1963.

Book No. 23 George W. Johnson Clerk, L. C. L.
at page By Ed. Duncan Deputy

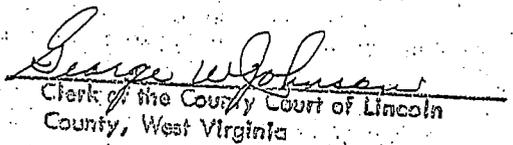
STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to wit:

I, C. E. CURRY, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the Board of Lincoln Public Service District, a public corporation and political subdivision of the State of West Virginia, in and for Lincoln County, West Virginia, to the best of my skill and judgment, during my continuance in office: SO HELP ME GOD..

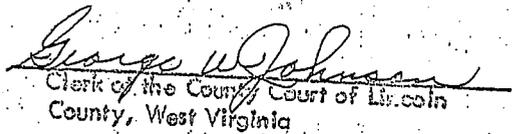


Taken, subscribed and sworn to before George W. Johnson, Clerk of the County Court of Lincoln County, West Virginia, this the 6th day of July, 1963.


Clerk of the County Court of Lincoln
County, West Virginia

I, GEORGE W. JOHNSON, Clerk of the County Court of Lincoln County, West Virginia, do hereby certify that the above and foregoing is a true and complete copy original as filed in my said office.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Court this the 6th day of July, 1963.


Clerk of the County Court of Lincoln
County, West Virginia

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to wit:

I, RAYMOND SURFACE, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the Board of Lincoln Public Service District, a public corporation and political subdivision of the State of West Virginia, in and for Lincoln County, West Virginia, to the best of my skill and judgment, during my continuance in office: SO HELP ME GOD.

Raymond Surface

Taken, subscribed and sworn to before George W. Johnson, Clerk of the County Court of Lincoln County, West Virginia, this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln
County, West Virginia

I, GEORGE W. JOHNSON, Clerk of the County Court of Lincoln County, West Virginia, do hereby certify that the above and foregoing is a true and complete copy original as filed in my said office.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Court this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln
County, West Virginia

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to wit:

I, JACK VICKERS, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the Board of Lincoln Public Service District, a public corporation and political subdivision of the State of West Virginia, in and for Lincoln County, West Virginia, to the best of my skill and judgment, during my continuance in office: SO HELP ME GOD.

Jack R. Vickers

Taken, subscribed and sworn to before George W. Johnson, Clerk of the County Court of Lincoln County, West Virginia, this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln
County, West Virginia

I, GEORGE W. JOHNSON, Clerk of the County Court of Lincoln County, West Virginia, do hereby certify that the above and foregoing is a true and complete copy original as filed in my said office.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Court this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln
County, West Virginia

Affidavit of Publication

No. _____

STATE OF WEST VIRGINIA,

Kanawha County, to-wit:

I, Charlotte Cox of the

Sunday Gazette-Mail Charleston Gazette, a daily Democratic newspaper Daily Mail, a daily Republican newspaper, published in the City of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of receipt of and proposal to

create a public service district was duly published in said paper once a day for one successive day commencing with the issue of the 5 day of June, 1963, and ending with the issue of the 5 day of June, 1963, and was posted at the front door of the Court House of said Kanawha County, West Virginia, on the 5 day of June, 1963

Dates Published:

June 5, 1963

Charlotte Cox

Subscribed and sworn to before me this 5 day of June, 1963

Sherman Cochran

Notary Public of Kanawha County, West Virginia

My Commission expires May 11, 1966

Printer's Fee \$ 15.65

NOTICE OF RECEIPT OF AND PROPOSAL TO CREATE A PUBLIC SERVICE DISTRICT

Pursuant in an order of the County Court of Kanawha County, West Virginia, made and entered on the 4 day of June, 1963, which order was entered at the request of the County Court of Lincoln County, West Virginia, upon receipt of certified copies of the order of the Lincoln County Court proposing the creation and recreation of "Lincoln Public Service District" as a public corporation and political subdivision of the State of West Virginia, and which said order of the County Court of Lincoln County, West Virginia, by virtue of the authority of Section 2, Article 126 of Chapter 16 of the Code of West Virginia of 1931, as last amended, has upon its own motion proposed the creation and recreation of "Lincoln Public Service District," as a public corporation and political subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, the major portion thereof being in the said Lincoln County, embracing the following area and territory:

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 20" north and a longitude of 81 degrees 48' west; and running thence S. 14 degrees 40' W. 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38 degrees 14' 40" north and a longitude of 81 degrees 51' west thence north 11.5 miles crossing West Virginia Primary Route 14 at 1/2 mile to a point at latitude 38 degrees 14' north and longitude 81 degrees 51' west; thence N. 20 degrees 33' E. 2.3 miles, crossing West Virginia Secondary Route 12, 12-1 and 12-2 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.5 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 4.35 square miles, more or less.

as shown upon a map or plat thereof made by J. H. Millam, Inc., a copy thereof being filed in the proceeding, before the Court. A hearing upon said proposal has been set by the County Court of Lincoln County, West Virginia, the 6th day of July, 1963, at the hour of 10:00 o'clock a.m., in the County Court Room, at Hamlin, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said area and territory embraced in said public service district may attend and be heard for and against its creation and recreation.

GIVEN under my hand this the 4 day of June, 1963.

Paul E. Wehrle, Clerk.
By T. L. Sampas
Paul E. Wehrle, Clerk of the County Court of Kanawha County, West Virginia

NOTICE OF PROPOSAL TO
CREATE A PUBLIC
SERVICE DISTRICT

Pursuant to and under the au-
thority of the order of the County
Court of Lincoln County, West
Virginia, made and entered on the
1st day of June, 1963, notice is
hereby given, that the Court by
virtue of the authority of Section

2, Article 13 A of Chapter 16 of
the Code of West Virginia of 1931,
as last amended, has upon its own
motion proposed the creation and
recreation of "Lincoln Public Ser-
vice District," as a public corpora-
tion and political sub-division of
the State of West Virginia, in
Washington Districts of Lincoln
and Kanawha Counties, West Vir-
ginia, the major portion thereof
being in the said Lincoln County,
embracing the following area and
territory:

BEGINNING at a point in Big
Coal River at the mouth of Lit-
tle Coal River, said point hav-
ing a latitude of 38 degrees 16'
20" north and a longitude of 81
degrees 48' west, and running
thence S. 54 degrees 40' W. 3.3
miles to a point 3960 feet south
of West Virginia Primary Route
14 and having a latitude of 38
degrees 14' 40" north and a
longitude of 81 degrees 51' west,
thence north 1.5 miles (crossing
West Virginia Primary Route
14 at 1/2 mile) to a point at
latitude 38 degrees 16' north and
longitude 81 degrees 51' west;
thence N. 20 degrees 55' E. 2.5
miles, crossing West Virginia
Secondary Route 12, 13-1 and
13-5 to a point at latitude 38
degrees 18' north and longitude
81 degrees 50' west; thence east
1.15 miles to a point in Big Coal
River at latitude 38 degrees 18'
north and longitude 81 degrees
48' 45" west, said point being
northerly 1 mile from West Vir-
ginia Primary Route 14; thence
up the middle of Big Coal River
with the meanders thereof for
a distance of 2.2 miles more or
less to the beginning, contain-
ing an area of 6.35 square miles,
more or less.

as shown upon a map or plat
thereof made by J. H. Milam, Inc.,
a copy thereof being filed in the
proceeding before the Court. A
hearing upon said proposal has
been set by the Court on the 6th
day of July, 1963, at the hour of
10:00 o'clock a.m. in the County
Court Room at Hamlin, Lincoln
County, West Virginia, at which
time and place all persons resid-
ing in or owning or having any
interest in property in said area
and territory embraced in said
public service district may attend
and be heard for and against its
creation and recreation.

GIVEN under my hand this the
1st day of June, 1963.

GEORGE W. JOHNSON,
Clerk of the County Court
of Lincoln County, West
Virginia.

(D) June 6 1963

CERTIFICATE OF PUBLICATION

I, A. P. Wilkinson

of the LINCOLN PUBLISHING COMPANY, publisher of the
following newspapers of general circulation at Hamlin, Lin-
coln County, West Virginia, viz: The LINCOLN REPUBLICAN
and The HAMLIN DEMOCRAT, published each week, do here-
by certify that the attached Notice

was published in { ~~The Lincoln Republican~~
The Hamlin Democrat

One successive weeks, one time each week

commencing with the issue of June 6, 1963 Only

and ending with the issue of _____
and that the same was duly posted at the East front door of the
Courthouse of Lincoln County, West Virginia, on the date of
the first publication thereof; that the price for publishing the
same, computed in accordance with the provisions of Chapter
59, Article 1, Section 34 of the West Virginia Code of 1955, is
\$ 14.11

The Lincoln Publishing Co. of

NOTICE OF PROPOSAL TO CREATE A PUBLIC SERVICE DISTRICT

Pursuant to and under the authority of the order of the County Court of Lincoln County, West Virginia, made and entered on the 1st day of June, 1963, notice is hereby given, that the Court by virtue of the authority of Section 2, Article 13 A of Chapter 16 of the Code of West Virginia of 1931, as last amended, has upon its own motion proposed the creation and recreation of "Lincoln Public Service District," as a public corporation and political subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, the major portion thereof being in the said Lincoln County, embracing the following area and territory:

"BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 20" north and a longitude of 81 degrees 48' west, and running thence S. 54 degrees 40' W. 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38 degrees 14' 40" north and a longitude of 81 degrees 51' west, thence north 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38 degrees 16' north and longitude 81 degrees 51' west; thence N. 20 degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 6.35 square miles, more or less,

as shown upon a map or plat thereof made by J. H. Milam, Inc., a copy thereof being filed in the proceeding before the Court. A hearing upon said proposal has been set by the Court on the 6th day of July, 1963, at the hour of 10:00 o'clock a.m., in the County Court Room at Hamlin, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said area and territory embraced in said public service district may attend and be heard for and against its creation and recreation.

GIVEN under my hand this the 1st day of June, 1963.

George W. Johnson
George W. Johnson, Clerk of the County Court of
Lincoln County, West Virginia

NOTICE OF RECEIPT OF AND PROPOSAL TO CREATE A PUBLIC SERVICE DISTRICT

Pursuant to an order of the County Court of Kanawha County, West Virginia, made and entered on the 4 day of June, 1963, which order was entered at the request of the County Court of Lincoln County, West Virginia, upon receipt of certified copies of the order of the Lincoln County Court proposing the creation and recreation of "Lincoln Public Service District" as a public corporation and political subdivision of the State of West Virginia, and which said order of the County Court of Lincoln County, West Virginia was duly filed, notice is hereby given that the County Court of Lincoln County, West Virginia, by virtue of the authority of Section 2, Article 13 A of Chapter 16 of the Code of West Virginia of 1931, as last amended, has upon its own motion proposed the creation and recreation of "Lincoln Public Service District," as a public corporation and political subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, the major portion thereof being in the said Lincoln County, embracing the following area and territory:

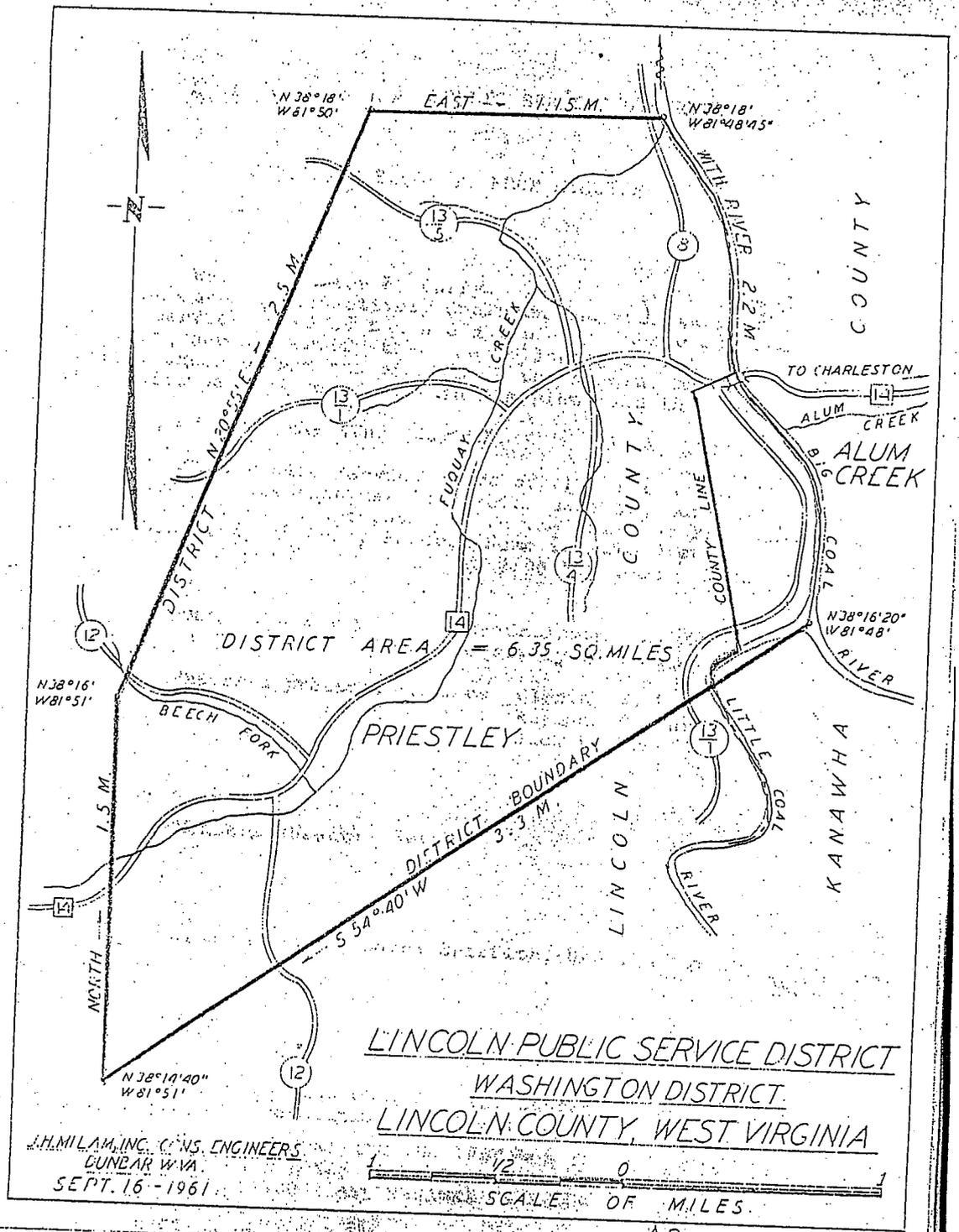
BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 26" north and a longitude of 81 degrees 48' west, and running thence S. 54 degrees 40' W. 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38 degrees 14' 40" north and a longitude of 81 degrees 51' west, thence north 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38 degrees 16' north and longitude 81 degrees 51' west; thence N. 20 degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 3.25 square miles, more or less,

as shown upon a map or plat thereof made by J. H. Milan, Inc., a copy thereof being filed in the proceeding before the Court. A hearing upon said proposal has been set by the County Court of Lincoln County, West Virginia, the 6th day of July, 1963, at the hour of 10:00 o'clock a.m., in the County Court Room, at Marmion, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said area and territory embraced in said public service district may attend and be heard for and against its creation and recreation.

GIVEN under my hand this the 4 day of June, 1963.

PAUL E. WEHRLE, CLERK

By Paul E. Wehrle
Paul E. Wehrle, Clerk of the County Court of Kanawha County, West Virginia



CERTIFICATION:

I, J. H. Milam, Registered Professional Engineer, West Virginia Number 791, do hereby certify that this map correctly describes the boundary of the Lincoln Public Service District.

J. H. Milam
 Registered Professional Engineer, W. Va., No. 791
 May 27, 1963

APW-WVA-316

IN THE COUNTY COURT OF LINCOLN COUNTY
WEST VIRGINIA

PRESENT: W. W. Oxley, President
Vernon McCoy, Commissioner
Kenneth Whitten, Commissioner

WHEREAS, The County Court of Lincoln County, West Virginia, pursuant to and by virtue of the authority vested in it by Section 2, Article 13 A, Chapter 16 of the Code of West Virginia of 1931, as last amended, did on the 7th day of October, 1961, of its own motion, create a Public Service District, to be thereafter known as "Lincoln Public Service District," embracing parts of Washington Districts of Kanawha and Lincoln Counties, West Virginia, the major portion thereof being within the confines of the boundaries of Lincoln County, West Virginia; and

WHEREAS, There being no city, incorporated town or other municipal corporation included within said District, the County Court appointed the following three persons that reside in said district as members of the Board of said District for the terms shown after their names:

C. E. Curry	Six years
Jack Vickers	Four years
Raymond Surface	Two years

their terms to run from October 7, 1961; and

WHEREAS, Said members of said board on the 7th day of October, 1961, did meet in the Office of the Clerk of the County Court of Lincoln County, West Virginia, and took the oath of office prescribed by law, and thereafter organized said board, and have since said date continued to discharge the duties of their office; and

WHEREAS, In creating said Public Service District there were certain errors and omissions which the Court is now desirous of correcting:

NOW, THEREFORE, BE IT ACCORDINGLY ORDERED AND DECREED:

(1) The County Court of Lincoln County, West Virginia, proposes to create and recreate the Lincoln Public Service District, as a public corporation and political subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, embracing the following area and territory:

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 20" north and a longitude of 81 degrees 48' west, and running thence S. 54 degrees 40' W. 3.3 miles to a point 3960 feet south of West Virginia primary Route 14 and having a latitude of 38 degrees 14' 40" north and a longitude of 81 degrees 51' west, thence north 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38 degrees 16' north and longitude 81 degrees 51' west; thence N. 20 degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/3 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 6.35 square miles, more or less,

all as shown upon a map or plat made by J. H. Millam, Inc., dated September 16, 1961, which map or plat has been heretofore filed in this proceeding.

(2) That all matters arising upon said motion to create and recreate the said public service district shall be heard before the Court on the 6th day of July, 1963, at the hour of 10:00 o'clock a.m. in the Court Room at Hamlin, Lincoln County, West Virginia, and the Clerk of this Court is ordered forthwith to publish a notice in the Hamlin Democrat, a newspaper of general circulation in Lincoln County, West Virginia, setting forth the contents of this order, including a description of the territory proposed to be included within said Public Service District and providing that all persons residing in or owning or having any interest in property in said district desiring to be heard for or against the creation of said district will be heard, said notice to be published one time and not less than ten days prior to said hearing.

(3) The Clerk of this Court is further ordered to forthwith transmit certified copies of this order to the Clerk and the County Court of Kanawha County, West Virginia, at Charleston, and shall in the transmittal, request the Clerk of the County Court of Kanawha County, West Virginia, to publish a notice in a newspaper of general circulation in Kanawha County, West Virginia, setting forth the contents of this order, including a description of the territory proposed to be included within said Public Service District and providing that all persons residing in or owning or having any interest in property in such proposed District would be heard, said notice to be published one time and not less than ten days prior to said hearing date and shall specifically designate the hour, date and place of said hearing, which shall not be more than forty days nor less than twenty days from the date of this action.

(4) Nothing in this order is intended to or shall affect the actions taken by the said Lincoln Public Service District prior hereto under the authority of the order of this Court, this proceeding being primarily to correct errors and omissions in the prior order of the Court.

The Clerk shall enter the foregoing this the 1st day of June, 1963.

/s/ W. W. O'Leary
President

STATE OF WEST VIRGINIA, LINCOLN COUNTY CLERK'S OFFICE.
I, GEORGE W. JOHNSON, Clerk of said Court, do hereby certify
that the foregoing is a true and correct copy and transcript
from the records of my office, to-wit:

Given under my hand and seal of said court, at
Hamlin, West Virginia, this the 1 day of June, 1963.

.....Book No. George W. Johnson Clerk, L. C. L.

at page By Mavis E. Ellis Deputy

I, DONALD C. WHITTEN, Clerk of the County Commission of Lincoln County, West Virginia, successor to the County Court, do certify that the foregoin is a true and correct copy of the original of the order of the County Commission, formerly County Court, adopted on the 7th day of October, 1961, and is in full force and effect.

Given under my hand and seal this the 23 day of December, 1968.

Donald C. Whitten Clerk.
Donald C. Whitten, Clerk of the Lincoln
County Commission , Lincoln County, WV

NOW T EREFORE, THE COUNTY COURT OF LINCOLN COUNTY, WEST VIRGINIA,, ON ITS OWN MOTION,
doth hereby order and resolve as follows:

I

A Public Service District within Washington District of Lincoln County, West Virginia,
is hereby created, and said District shall have the following boundaries:

"BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point
having a latitude of 38 degrees 16' 20" north and longitude of 81 degrees 48' west, and
running thence S. 54 degrees 40' W. 3.3 Miles to a point 3960 feet south of West-Virginia
primary Route 14 and having a latitude of 38 degrees 14' 40" north and longitude of 81 degrees
51' west, thence north 1.5 miles (Crossing West Virginia Primary Route 14 at 1/2 Mile) to a
point at latitude 38 degrees 16' north and longitude 81 degrees 51' West; thence N. 2
degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 12/1 and 13/5 to a point
at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to
point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45"
west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the
middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less
to the beginning, containing an area of 6.35 square miles, more or less, all within Washington
Magistral District of Lincoln County, West Virginia, as shown on map prepared by J. H. Milam,
Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated September 16, 1961, attached hereto and
incorporated in this order.

II

Said Public Service District shall have the name and corporate title of "Lincoln Public
Service District", and shall constitute a public corporation and political subdivision of the
State of West Virginia, having all the rights and powers conferred on public service districts
by the laws of the State of West Virginia, and particularly by Article 13a of the Chapter 16
of the West Virginia code.

III

There being no city, incorporated town or other municipal corporation included within
said district,, the County Court hereby appoints the following three persons residing within
said District as members of the Board of said District for the terms shown after their names:

G.E. Curry, Six Years
Jack Vickers, Four Years
Raymond Surface, Two Years

such terms to run from the date hereof, all in accordance with the provisions of West Virginia
Code, Chapter 16, Article 13a, Section 3. Said members shall qualify by meeting in the Office
of the County Clerk of the County Court as soon as practicable and taking an oath of office and
shall thereafter meet as said Board and organize, pursuant to the provisions of said statute.

Made and entered this the 7th day of October, 1961.

O R D E R

ENTER W. W. Oxley
PRESIDENT

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN

TO WIT:

IN THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA.

A RESOLUTION AND ORDER FIXING A DATE FOR A HEARING OF THE MOTION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, TO CONSOLIDATE LINCOLN PUBLIC SERVICE DISTRICT AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT INTO ONE TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, AND PROVIDING FOR PUBLICATION OF NOTICES OF SUCH HEARING.

WHEREAS, the County Court of Lincoln County, West Virginia, predecessor of the County Commission of Lincoln County, West Virginia, pursuant to and by virtue of the authority vested in it by Section 2, Article 13-A, Chapter 16 of the Code of West Virginia 1931, as last amended, did by orders and resolutions adopted on the 7th day of October, 1961, and the 6th day of July, 1963, create and recreate Lincoln Public Service District, as a public corporation and political subdivision of the State of West Virginia, embracing parts of Washington Districts of Kanawha and Lincoln Counties, West Virginia, the major portion thereof being within the confines of the boundaries of Lincoln County, West Virginia; and

WHEREAS, the boundaries of said Lincoln Public Service District was described in said orders and resolutions as follows:

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of $38^{\circ} 16' 20''$ N and a longitude of $81^{\circ} 48'$ W, and running thence S $54^{\circ} 40'$ W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of $38^{\circ} 14' 40''$ N and a longitude of $81^{\circ} 51'$ W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude $38^{\circ} 16'$ N and longitude $81^{\circ} 51'$ W; thence N $20^{\circ} 55'$ E 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude $38^{\circ} 18'$ N and longitude $81^{\circ} 50'$ W; thence E 1.15 miles to a point in Big Coal River at latitude $38^{\circ} 18'$ N and longitude $81^{\circ} 48' 45''$ W, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 6.35 square miles, more or less,

WHEREAS, the County Court of Lincoln County, West Virginia, predecessor of the County Commission of Lincoln County, West Virginia, pursuant to and by virtue of the authority vested in it by Section 2, Article 13-A, Chapter 16 of the Code of West Virginia 1931, as last

amended did by order and resolution adopted on the 3rd day of September, 1966, create McCorkle-Griffithsville Public Service District, as a public corporation and political subdivision of the State of West Virginia, embracing parts of Washington and Duval Districts of Lincoln County, West Virginia; and

WHEREAS, the boundaries of McCorkle-Griffithsville Public Service District was described in said order as follows:

BEGINNING at a point in Secondary Route 14/6 having a latitude of N 38° 15' 00" and longitude W 81° 53' 16" thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 33° 13' 53" and longitude W 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44" and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duval and Washington magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue Dunbar, West Virginia, dated February 24, 1966, and titled "McCorkle-Griffithsville Public Service District, Lincoln County, West Virginia."

WHEREAS, the County Commission of Lincoln County, West Virginia, at a meeting held on the 21st day of November, 1975, found and declared it necessary, feasible and proper and conducive to the preservation of public health, comfort and convenience of the people in both areas, described, that it consolidate Lincoln Public Service District and McCorkle-Griffithsville Public Service District into one District to be hereinafter known as Lincoln Public Service District; and

WHEREAS, pursuant to the provisions of Chapter 16, Article 13-A, of the Code of West Virginia, as last amended, the County Commission, before consolidating said Districts, is required to fix the date of

the hearing for the proposed consolidation of Lincoln Public Service District, and McCorkle-Griffithsville Public Service District, and to give notices of said hearing.

NOW, THEREFORE, be it and it is hereby resolved and ordered by the County Commission of Lincoln County, West Virginia, as follows:

SECTION 1. The Court, upon its own motion, did find and declare that it is necessary, feasible and proper and conducive to the preservation of the public health, comfort, and convenience of the people in the areas comprising the Lincoln Public Service District and the McCorkle-Griffithsville Public Service District as they now exist and as proposed to be consolidated, did move to consolidate Lincoln Public Service District and McCorkle-Griffithsville Public Service District to comprise the territories hereinbefore described in said orders entered October 7, 1961, July 6, 1963, and September 3, 1966.

SECTION 2. (a) The name and corporate title of the two said existing Public Service Districts, now proposed to be consolidated into a single Public Service District shall be

LINCOLN PUBLIC SERVICE DISTRICT

a public corporation and political subdivision of the State of West Virginia.

(b) The territories proposed to be embraced in said Lincoln Public Service District, as consolidated, shall be the areas described by metes and bounds hereinbefore set forth in the aforesaid three orders.

(c) The purposes of said Public Service District, as consolidated shall be to construct or acquire by purchase or otherwise and to maintain, operate, improve water and sewerage facilities and extension of Public Service properties within the territories as consolidated and to provide water and sewerage services for the public for industrial, public private and public uses.

(d) The territory described in the two districts does not include within each of their limits the territory of any other public service district organized under Article 13-A, Chapter 16, of the Code of West Virginia, nor does the territory described in the two districts include within their limits any city, incorporated town or municipal corporation; the territory described for McCorkle Griffithsville Public Service District is not now being furnished or supplied with water, or water services and does not have any public water facilities; neither of said territories is being furnished or supplied with sewerage service and do not have sewerage facilities.

SECTION 3. That on the 19th day of December, 1975, at the hour of 10 A.m., which date is not more than forty days nor less than twenty days from the date of this action, this commission shall meet in the County Courthouse at Hamlin, West Virginia, for the purpose of conducting a public hearing to consider and determine the feasibility of consolidating the existing Public Service Districts and all persons residing in or owning or having any interest in property in said proposed consolidated public service district shall have an opportunity to be heard for and against the consolidation, and at such hearing this commission shall consider and determine the feasibility of the consolidation of said Districts.

SECTION 4. That all matters arising upon said motion to consolidate the said public service districts shall be heard before the commission on the 19th day of December, 1975, which date is not more than forty days nor less than twenty days from the date of this action, at the hour of 10:00 o'clock a.m. at the Courthouse at Hamlin, Lincoln County, West Virginia; and the Clerk of this commission is ordered forthwith to publish a notice in the Lincoln Sentinel, a newspaper of general circul-

ation in Lincoln County, West Virginia, setting forth the contents of this order, including a description of the territories proposed to be included within said Public Service Districts as consolidated and providing that all persons residing in or owning or having any interest in property in said districts desiring to be heard for or against the consolidation of said districts will be heard, said notice to be published one time and not less than ten days prior to said hearing said notice to be a Class I Legal Advertisement.

SECTION 5. The Clerk of this Commission is further ordered to forthwith transmit certified copies of this order to the Clerk of the County Commission of Kanawha County, at Charleston, Kanawha County, West Virginia, setting forth the contents of this order, including a description of the territories proposed to be included within said Public Service District as consolidated and providing that all persons residing in or owning or having any interest in property in said proposed consolidated district shall have an opportunity to be heard for and against consolidation said notice to be published one time and not less than ten days prior to said hearing date and shall specifically designate the hour, date and place of hearing, the date fixed being not more than forty days nor less than twenty days from the date of this action.

SECTION 6. The form of the notices to be published are as follows:

(LINCOLN COUNTY)

NOTICE OF A PUBLIC HEARING FOR THE CONSOLIDATION OF LINCOLN PUBLIC SERVICE DISTRICT IN WASHINGTON DISTRICT OF LINCOLN COUNTY AND KANAWHA COUNTY, WEST VIRGINIA AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT IN WASHINGTON AND DUVAL DISTRICTS OF LINCOLN COUNTY, WEST VIRGINIA, AND THE CONSOLIDATION OF SAID DISTRICTS INTO ONE PUBLIC SERVICE DISTRICT TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA.

Notice is hereby given that the County Commission of Lincoln County West Virginia, upon its own motion, proposes to consolidate Lincoln Public Service District and McCorkle-Griffithsville Public Service District into one Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the commission, and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating, and improving water and sewerage facilities, and extension of public service properties and to supply water and provide sewerage services to the public for industrial, public, private or other uses and providing for a source of water, water treatment and distribution within such territories and provide sewerage collection, transmission, and treatment within said territories. The existing Districts, as consolidated, will be known as "Lincoln Public Service District". The boundaries before and after consolidation are as follows:

METES AND BOUNDS

OF

LINCOLN PUBLIC SERVICE DISTRICT
AS ORIGINALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of $38^{\circ} 16' 20''$ N and a longitude of $81^{\circ} 48'$ W, and running; thence S $54^{\circ} 40'$ W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of $38^{\circ} 14' 40''$ N and a longitude of $81^{\circ} 51'$ W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude $38^{\circ} 16'$ N and longitude $81^{\circ} 51'$ W; thence N $20^{\circ} 55'$ E 2.5 miles crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude $38^{\circ} 18'$ N and longitude $81^{\circ} 50'$ W; thence east 1.15 miles to a point in Big Coal River at latitude $38^{\circ} 18'$ N and longitude $81^{\circ} 43' 45''$ W, said point being northerly 1 mile from West Virginia Primary route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less, to the begin-

ning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plat made by J. H. Milam, Inc., dated September 16, 1961.

METES AND BOUNDS OF
MCCORKLE-GRIFFITHSVILLE PUBLIC
SERVICE DISTRICT AS ORIGINALLY
CREATED

BEGINNING at a point in Secondary Route 14/6 having a latitude of N 18° 15' 00" and longitude W 81° 53' 16"; thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44" and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duvall and Washington magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AND MCCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT
AS CONSOLIDATED INTO ONE PUBLIC SERVICE DISTRICT KNOWN AS
LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND
POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service District's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence with the boundary of the original Lincoln Public Service district S 54° 40' W, 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E, 1.73 miles to a point in the Little Coal River, said point being in the Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of N 38° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction, 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude of N 38° 12' 04" and a longitude of W 81° 50' 25"; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary N 45° 00' W, 3.00 miles to a point having a latitude of N 38°

13' 53" and a longitude of W 81° 52' 49"; thence with the original district boundary S 51° 33' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 56' 37"; thence with the original district boundary N 45° 00' W, 3.65 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 81° 59' 28"; thence with the original district boundary W 0.70 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 82° 00' 14"; thence with the original district boundary N 0.90 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 82° 00' 14"; thence with the original district boundary E, 0.70 miles to a point; thence with the original district boundary N 30° 00' E, 1.40 miles to a point; thence with the original district boundary E, 0.66 miles to a point; thence with the original district boundary S 30° W 1.40 miles to a point; thence with the original district boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 26"; thence with the original district boundary S 60° 00' E, 1.60 miles to a point having a latitude of N 38° 13' 49" and a longitude of W 81° 55' 54"; thence with the original district boundary N 60° 00' E 2.75 miles to a point having a latitude of N 38° 15' 00" and a longitude of W 81° 53' 16"; thence with the original district boundary E, 0.90 miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District boundary N 45° 30' E, 1.58 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of N 38° 16' 00" and longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 20° 55' E, 2.50 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 50' 00"; thence with the original district boundary E, 1.15 miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of N 38° 18' 00" and longitude of W 81° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District Lincoln County, West Virginia as shown on the map prepared by J.H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

All persons residing in or owning or having any interest in property in said existing Public Service Districts, or in the areas proposed to be included in the consolidation, are hereby notified that the County Commission of Lincoln County, West Virginia, will conduct a public hearing on the 19th day of December, 1975, at 10 o'clock A. m., at the Courthouse at Hamlin, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said public service districts may appear before the County Commission and shall have an opportunity to be heard for or against the consolidation of Lincoln Public Service District and McCorkle-Griffithsville Public Service District, into one Public Service District.

(KANAWHA COUNTY)

NOTICE OF PUBLIC HEARING FOR THE CONSOLIDATION OF LINCOLN PUBLIC SERVICE DISTRICT IN WASHINGTON DISTRICTS OF LINCOLN AND KANAWHA COUNTIES, WEST VIRGINIA, AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT IN WASHINGTON AND DUVAL DISTRICTS OF LINCOLN COUNTY, WEST VIRGINIA AND THE CONSOLIDATION OF SAID DISTRICTS INTO ONE PUBLIC SERVICE DISTRICT, TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC SERVICE CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA.

Pursuant to an order of the County Commission of Kanawha County, West Virginia, made and entered on the _____ day of _____, 1975, which order was entered at the request of the County Commission of Lincoln County, West Virginia, upon receipt of certified copies of the order of the County Commission of Lincoln County, West Virginia, that by virtue of the authority of Article 13-A, Chapter 16 of the Code of West Virginia, as last amended, the County Commission of Lincoln County, West Virginia, upon its own motion, proposes to Consolidate said Lincoln Public Service District and McCorkle-Griffithsville Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the County Commission of Lincoln County and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating and improving water and sewerage facilities, and extension of public service properties and to supply water and to provide sewerage services to the public for industrial, public private or other uses, providing for a source of water treatment and distribution within such territory and provide sewerage collection transmission and treatment within said territories. The existing Districts, as consolidated, will be known as Lincoln Public Service District. The boundaries before and after consolidation are as follows:

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AS ORGINIALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 16' 20" N and a longitude of 81° 48' W, and running; thence S 54° 40' W 3.5 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38° 14' 40" N and a longitude of 81° 51' W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile)

to a point at latitude 38° 16' N and longitude 81° 51' W; thence N 20° 55' E 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38° 18' N and longitude 81° 50' W; thence E 1.15 miles to a point in Big Coal River at latitude 38° 18' N and longitude 81° 48' 45" W, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less, to the beginning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plat made by J. H. Milam, Inc., dated September 16, 1961.

METES AND BOUNDS OF
MCCORKLE-GRIFFITHSVILLE PUBLIC
SERVICE DISTRICT AS ORIGINALLY
CREATED

BEGINNING at a point in Secondary Route 14/6 having a latitude of N 18° 15' 00" and longitude W 81° 53' 16"; thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44' and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and a longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duval and Washington Magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AND MCCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT
AS CONSOLIDATED INTO ONE PUBLIC SERVICE DISTRICT KNOWN AS
LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND
POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service district's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence with the boundary of the original Lincoln Public Service District S 54° 40' W 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E 1.73 miles to a point in the Little Coal River, said point being in the Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of N 38° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude

of N 38° 12' 04" and a longitude of W 81° 50' 25"; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary N 45° 00' W 3.00 miles to a point having a latitude of N 38° 13' 53" and a longitude of W 81° 52' 49"; thence with the original district boundary S 51° 33' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 56' 37"; thence with the original district boundary N 45° 00' W, 3.65 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 81° 59' 28"; thence with the original district boundary W 0.70 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 82° 00' 14"; thence with the original district boundary N 0.90 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 82° 00' 14"; thence with the original district boundary E, 0.70 miles to a point; thence with the original district boundary N 30° 00' E, 1.40 miles to a point; thence with the original district boundary E, 0.66 miles to a point; thence with the original district boundary S 30° W 1.40 miles to a point; thence with the original district boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 26"; thence with the original district boundary S 60° 00' E, 1.60 miles to a point having a latitude of N 38° 13' 49" and a longitude of W 81° 55' 54"; thence with the original district boundary N 60° 00' E 2.75 miles to a point having a latitude of N 38° 15' 00" and a longitude of W 81° 53' 16"; thence with the original district boundary E, 0.90 miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District's boundary N 45° 30' E, 1.58 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of N 38° 16' 00" and a longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 20° 55' E, 2.50 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 50' 00"; thence with the original district boundary E, 1.15 miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of N 38° 18' 00" and longitude of W 81° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District, Lincoln County, West Virginia as shown on the map prepared by J.H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

A Public hearing upon said proposal has been set by the County Commission of Lincoln County, West Virginia, on the 19th day of December, 1975, at the hour of 10 o'clock A.m., in the courthouse at Hamlin, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said existing public service districts may appear and be heard for or against the consolidation, into one Public Service District

SECTION 7. In addition to publication of the notice herein provided for, there shall also be posted, in at least five (5) conspicuous places in each of the territories described above, notice of the hearing herein provided for said posting not less than ten days before said hearing.

Adopted by the County Commission of Lincoln County, West Virginia, this the 21st day of November, 1975.

/s/ Andrew J. Stowers
President

/s/ Ira W. Frye
Commissioner

/s/ Louis Abraham
Commissioner

Attest:

/s/ George W. Johnson
Clerk

I, GEORGE JOHNSON, Clerk of the County Commission of Lincoln County, West Virginia, do certify that the foregoing is a true and correct copy of the original of the order of the County Commission adopted on the 21st day of November, 1975.

Given under my hand and seal this the 21st day of November, 1975.



George Johnson
George Johnson
Clerk of the County Commission
of
Lincoln County, West Virginia

(LINCOLN COUNTY)

NOTICE OF A PUBLIC HEARING FOR THE CONSOLIDATION OF LINCOLN PUBLIC SERVICE DISTRICT IN WASHINGTON DISTRICT OF LINCOLN COUNTY AND KANAWHA COUNTY, WEST VIRGINIA AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT IN WASHINGTON AND DUVAL DISTRICTS OF LINCOLN COUNTY, WEST VIRGINIA, AND THE CONSOLIDATION OF SAID DISTRICTS INTO ONE PUBLIC SERVICE DISTRICT TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA.

Notice is hereby given that the County Commission of Lincoln County, West Virginia, upon its own motion, proposes to consolidate Lincoln Public Service District and McCorkle-Griffithsville Public Service District into one Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the commission, and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating, and improving water and sewerage facilities, and extension of public service properties and to supply water and provide sewerage services to the public for industrial, public, private or other uses and providing for a source of water, water treatment and distribution within such territories and provide sewerage collection, transmission, and treatment within said territories. The existing Districts, as consolidated, will be known as "Lincoln Public Service District". The boundaries before and after consolidation are as follows:

METES AND BOUNDS
OF

LINCOLN PUBLIC SERVICE DISTRICT
AS ORIGINALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 16' 20" N and a longitude of 81° 48' W, and running; thence S 54° 40' W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38° 14' 40" N and a longitude of 81° 51' W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38° 16' N and longitude 81° 51' W; thence N 20° 55' E 2.5 miles crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38° 18' N and longitude 81° 50' W; thence east 1.15 miles to a point in Big Coal River at latitude 38° 18' N and longitude 81° 48' 45" W, said point being northerly 1 mile from West Virginia Primary route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less, to the begin-

ning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plat made by J. H. Milam, Inc., dated September 16, 1961.

METES AND BOUNDS OF
MCCORKLE-GRIFFITHSVILLE PUBLIC
SERVICE DISTRICT AS ORIGINALLY
CREATED

BEGINNING at a point in Secondary Route 14/6 having a latitude of N 18° 15' 00" and longitude W 81° 53' 16"; thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44" and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duvall and Washington magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AND MCCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT
AS CONSOLIDATED INTO ONE PUBLIC SERVICE DISTRICT KNOWN AS
LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND
POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service District's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence with the boundary of the original Lincoln Public Service District S 54° 40' W, 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E, 1.73 miles to a point in the Little Coal River, said point being in the Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of N 38° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction, 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude of N 38° 12' 04" and a longitude of W 81° 50' 25"; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary N 45° 00' W, 3.00 miles to a point having a latitude of N 38°

13' 53" and a longitude of W 81° 52' 49"; thence with the original district boundary S 51° 33' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 56' 37"; thence with the original district boundary N 45° 00' W, 3.65 miles to a point having a latitude of N 33° 13' 44" and a longitude of W 81° 59' 28"; thence with the original district boundary W 0.70 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 82° 00' 14"; thence with the original district boundary N 0.90 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 82° 00' 14"; thence with the original district boundary E, 0.70 miles to a point; thence with the original district boundary N 30° 00' E, 1.40 miles to a point; thence with the original district boundary E, 0.66 miles to a point; thence with the original district boundary S 30° W 1.40 miles to a point; thence with the original district boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 26"; thence with the original district boundary S 60° 00' E, 1.60 miles to a point having a latitude of N 38° 13' 49" and a longitude of W 81° 55' 54"; thence with the original district boundary N 60° 00' E 2.75 miles to a point having a latitude of N 38° 15' 00" and a longitude of W 81° 53' 16"; thence with the original district boundary E, 0.90 miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District boundary N 45° 30' E, 1.58 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of N 38° 16' 00" and longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 20° 55' E, 2.50 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 50' 00"; thence with the original district boundary E, 1.15 miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of N 38° 18' 00" and longitude of W 81° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District Lincoln County, West Virginia as shown on the map prepared by J.H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

All persons residing in or owning or having any interest in property in said existing Public Service Districts, or in the areas proposed to be included in the consolidation, are hereby notified that the County Commission of Lincoln County, West Virginia, will conduct a public hearing on the 19th day of DECEMBER, 1975, at 10 o'clock A. m., at the Courthouse at Hamlin, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said public service districts may appear before the County Commission and shall have an opportunity to be heard for or against the consolidation of Lincoln Public Service District and McCorkle-Griffithsville Public Service District, into one Public Service District.

(KANAWHA COUNTY)

NOTICE OF PUBLIC HEARING FOR THE CONSOLIDATION OF LINCOLN PUBLIC SERVICE DISTRICT IN WASHINGTON DISTRICTS OF LINCOLN AND KANAWHA COUNTIES, WEST VIRGINIA, AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT IN WASHINGTON AND DUVAL DISTRICTS OF LINCOLN COUNTY, WEST VIRGINIA AND THE CONSOLIDATION OF SAID DISTRICTS INTO ONE PUBLIC SERVICE DISTRICT, TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC SERVICE CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA.

Pursuant to an order of the County Commission of Kanawha County, West Virginia, made and entered on the _____ day of _____, 1975, which order was entered at the request of the County Commission of Lincoln County, West Virginia, upon receipt of certified copies of the order of the County Commission of Lincoln County, West Virginia, that by virtue of the authority of Article 13-A, Chapter 16 of the Code of West Virginia, as last amended, the County Commission of Lincoln County, West Virginia, upon its own motion, proposes to Consolidate said Lincoln Public Service District and McCorkle-Griffithsville Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the County Commission of Lincoln County and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating and improving water and sewerage facilities, and extension of public service properties and to supply water and to provide sewerage services to the public for industrial, public private or other uses, providing for a source of water treatment and distribution within such territory and provide sewerage collection transmission and treatment within said territories. The existing Districts, as consolidated, will be known as Lincoln Public Service District. The boundaries before and after consolidation are as follows:

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AS ORGINIALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 16' 20" N and a longitude of 81° 48' W, and running; thence S 54° 40' W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38° 14' 40" N and a longitude of 81° 51' W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile)

to a point at latitude 38° 16' N and longitude 81° 51' W; thence N 20° 55' E 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38° 18' N and longitude 81° 50' W; thence E 1.15 miles to a point in Big Coal River at latitude 38° 18' N and longitude 81° 48' 45" W, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less, to the beginning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plat made by J. H. Milam, Inc., dated September 16, 1961.

METES AND BOUNDS OF
McCORKLE-GRIFFITHSVILLE PUBLIC
SERVICE DISTRICT AS ORGINALLY
CREATED

BEGINNING at a point in Secondary Route 14/6 having a latitude of N 18° 15' 00" and longitude W 81° 53' 16"; thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44' and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and a longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duval and Washington Magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT
AS CONSOLIDATED INTO ONE PUBLIC SERVICE DISTRICT KNOWN AS
LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND
POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service district's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence with the boundary of the original Lincoln Public Service District S 54° 40' W 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E 1.73 miles to a point in the Little Coal River, said point being in the Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of N 38° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude

of N 38° 12' 04" and a longitude of W 81° 50' 25"; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary N 45° 00' W 3.00 miles to a point having a latitude of N 38° 13' 53" and a longitude of W 81° 52' 49"; thence with the original district boundary S 51° 33' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 56' 37"; thence with the original district boundary N 45° 00' W, 3.65 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 81° 59' 28"; thence with the original district boundary W 0.70 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 82° 00' 14"; thence with the original district boundary N 0.90 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 82° 00' 14"; thence with the original district boundary E, 0.70 miles to a point; thence with the original district boundary N 30° 00' E, 1.40 miles to a point; thence with the original district boundary E, 0.66 miles to a point; thence with the original district boundary S 30° W 1.40 miles to a point; thence with the original boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 26"; thence with the original district boundary S 60° 00' E, 1.60 miles to a point having a latitude of N 38° 13' 49" and a longitude of W 81° 55' 54"; thence with the original district boundary N 60° 00' E 2.75 miles to a point having a latitude of N 38° 15' 00" and a longitude of W 81° 53' 16"; thence with the original district boundary E, 0.90 miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District's boundary N 45° 30' E, 1.58 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of N 38° 16' 00" and a longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 20° 55' E, 2.50 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 50' 00"; thence with the original district boundary E, 1.15 miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of N 38° 18' 00" and longitude of W 81° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District, Lincoln County, West Virginia as shown on the map prepared by J.H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

A Public hearing upon said proposal has been set by the County Commission of Lincoln County, West Virginia, on the 19th day of December, 1975, at the hour of 10 o'clock A.M., in the courthouse at Hamlin, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said existing public service districts may appear and be heard for or against the consolidation, into one Public Service District.

GIVEN under my hand at the Courthouse of Lincoln County, Hamlin, West
Virginia, this the 21st day of November, 1975.

George Johnson
George Johnson
Clerk of the County Commission
of Lincoln County, West Virginia

A RESOLUTION AND ORDER CONSOLIDATING
McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT
AND LINCOLN PUBLIC SERVICE DISTRICT,
INTO ONE PUBLIC SERVICE DISTRICT TO BE
KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT,
A PUBLIC CORPORATION AND POLITICAL SUBDIVISION
OF THE STATE OF WEST VIRGINIA.

WHEREAS, the County Commission of Lincoln County, West Virginia, did heretofore, by a resolution and order adopted on the 21st day of November, 1975, fix a date for a public hearing on the consolidation of Lincoln Public Service District and McCorkle-Griffithsville Public Service District, to be known as Lincoln Public Service District, a public corporation and political subdivision of the State of West Virginia, and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed consolidated Public Service Districts might appear before the County Commission at this meeting and have the opportunity to be heard for and against consolidation of said Districts; and

WHEREAS, notice of this hearing by publication and posting was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the consolidation of said Districts, but no written protest has been filed by the requisite number of qualified voters registered and residing within said consolidated Public Service District and said County Commission has given due consideration to all matters for which such hearing was offered and determines that the consolidation is feasible; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order consolidating said Districts:

NOW, THEREFORE, Be it, and it is hereby resolved and ordered by the County Commission of Lincoln County, West Virginia, as follows:

Section 1. That said Lincoln Public Service District and McCorkle-Griffithsville Public Service District within Lincoln and Kanawha Counties, West Virginia, are hereby consolidated, and said District shall have the following boundaries:

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service District's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence, with the boundary of the original Lincoln Public Service District S 54° 40' W, 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E, 1.73 miles to a point in the Little Coal River, said point being in the Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of N 38° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction, 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude of N 38° 12' 04" and a longitude of W 81° 50' 25"; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary N 45° 00' W, 3.00 miles to a point having a latitude of N 38° 13' 53" and a longitude of W 81° 52' 49"; thence with the original district boundary S 51° 33' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 56' 37"; thence with the original district boundary N 45° 00' W, 3.65 miles to a point having a latitude of N 38° 13' 44" and a longitude

W 81° 59' 28"; thence with the original district boundary W, 0.70 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 82° 00' 14"; thence with the original district boundary N, 0.90 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 82° 00' 14"; thence with the original district boundary E, 0.70 miles to a point; thence, with the original district boundary N 30° 00' E, 1.40 miles to a point; thence with the original district boundary E, 0.66 miles to a point; thence with the original district boundary S 30° W 1.40 miles to a point; thence with the original district boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 26"; thence with the original district boundary S 60° 00' E, 1.60 miles to a point having a latitude of N 38° 13' 49" and a longitude of W 81° 55' 54"; thence with the original district boundary N 60° 00' E, 2.75 miles to a point having a latitude of N 38° 15' 00" and a longitude of W 81° 53' 16"; thence with the original district boundary E, 0.90 miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District's boundary N 45° 30' E, 1.58 miles to a point in the original Lincoln Public Service District's boundary, having a latitude of N 38° 16' 00" and longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 20° 55' E, 2.50 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 50' 00"; thence with the original district boundary E, 1.15 miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of N 38° 18' 00" and longitude

of W 81° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, Containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District, Lincoln County, West Virginia, as shown on the map prepared by J. H. Milan, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

Section 2. That said Lincoln Public Service District and McCorkle-Griffithsville Public Service District shall have the name and corporate title of Lincoln Public Service District and shall constitute a Public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-a of Chapter 16 of the Code of West Virginia.

Section 3. That the County Commission of Lincoln County, West Virginia, has determined that the territory within Lincoln and Kanawha Counties, West Virginia, having the hereinabove described boundaries is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within such territory by said Lincoln Public Service District will be conducive to the preservation of public health, comfort and convenience of such area.

Adopted by the County Commission of Lincoln County, West Virginia on this the 19 day of DECEMBER, 1975.

Andrew J. Struss
President

Ira W. Argo
Commissioner

Louis Abraham
Commissioner

Attest:

George Johnson
Clerk

I, George Johnson, Clerk of the County Commission of Lincoln County, West Virginia, do certify that the foregoing is a true and correct copy of the original of the order of the County Commission adopted on the 19th day of December, 1975.

Given under my hand and seal this the 19th day of December, 1975.

George Johnson
Clerk of the County Commission
of Lincoln County, West Virginia

Affidavit of Publication

No. _____

STATE OF WEST VIRGINIA,

Kanawha County, to-wit:

I, Rae Dell Wickers of the

Sunday Gazette-Mail Charleston Gazette, a daily Democratic newspaper Daily Mail, a daily Republican newspaper, published in the City of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of Public Hearing

was duly published in said paper once a day for one successive day commencing with the issue of the 29 day of Nov, 19 75, and ending with the issue of the 29 day of Nov, 19 75, and was posted at the front door of the Court House of said Kanawha County, West Virginia, on the 29 day of Nov, 19 75

Dates Published:
Nov 29, 1975 *Rae Dell Wickers*

Subscribed and sworn to before me this 29 day of Nov, 19 75
Christina Coe

Notary Public of Kanawha County, West Virginia

My Commission expires January 15, 1980

Printer's Fee \$ 98.00

ACCT-7

... and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of $N 38^{\circ} 13' 17''$ and a longitude of $W 81^{\circ} 50' 07''$; thence in a southerly direction, 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude of $N 38^{\circ} 12' 04''$ and a longitude of $W 81^{\circ} 50' 07''$; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary $N 45^{\circ} 00' W$, 3.00 miles to a point having a latitude of $N 38^{\circ} 13' 53''$ and a longitude of $W 81^{\circ} 52' 49''$; thence with the original district boundary $S 51^{\circ} 33' W$, 4.45 miles to a point having a latitude of $N 38^{\circ} 11' 30''$ and a longitude of $W 81^{\circ} 56' 37''$; thence with the original district boundary $N 45^{\circ} 00' W$, 3.65 miles to a point having a latitude of $N 38^{\circ} 13' 44''$ and a longitude of $W 81^{\circ} 59' 28''$; thence with the original district boundary $W 0.70$ miles to a point having a latitude of $N 38^{\circ} 13' 44''$ and a longitude of $W 82^{\circ} 00' 14''$; thence with the original district boundary $N 0.90$ miles to a point having a latitude of $N 38^{\circ} 14' 31''$ and a longitude of $W 82^{\circ} 00' 14''$; thence with the original district boundary $E 0.70$ miles to a point; thence with the original district boundary $N 30^{\circ} 00' E$, 1.40 miles to a point; thence with the original district boundary $E 0.68$ miles to a point; thence with the original district boundary $S 30^{\circ} W 1.40$ miles to a point; thence with the original district boundary $E 1.19$ miles to a point having a latitude of $N 38^{\circ} 14' 31''$ and a longitude of $W 81^{\circ} 57' 26''$; thence with the original district boundary $S 60^{\circ} 00' E$, 1.60 miles to a point having a latitude of $N 38^{\circ} 13' 49''$ and a longitude of $W 81^{\circ} 55' 54''$; thence with the original district boundary $N 60^{\circ} 00' E 2.75$ miles to a point having a latitude of $N 38^{\circ} 15' 00''$ and a longitude of $W 81^{\circ} 53' 16''$; thence with the original district boundary $E 0.90$ miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District's boundary $N 45^{\circ} 30' E$, 1.58 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of $N 38^{\circ} 16' 00''$ and longitude of $W 81^{\circ} 51' 00''$; thence with the original Lincoln Public Service District's boundary $N 20^{\circ} 55' E$, 2.50 miles to a point having a latitude of $N 38^{\circ} 19' 00''$ and a longitude of $W 81^{\circ} 50' 00''$; thence with the original district boundary $E 1.15$ miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of $N 38^{\circ} 18' 00''$ and longitude of $W 81^{\circ} 48' 45''$; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District Lincoln County, West Virginia as shown on the map prepared by J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

All persons residing in or owning or having any interest in property in said existing Public Service Districts, or in the areas proposed to be included in the consolidation, are hereby notified that the County Commission of Lincoln County, West Virginia, will conduct a public hearing on the 19th day of December, 1975, at 10 o'clock A.M. at the Courthouse at Hamlin, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said public service districts may appear before the County Commission and shall have an opportunity to be heard for or against the consolidation of Lincoln Public Service District and McCorkle-Griffithsville Public Service District into one Public Service District.

GIVEN under my hand at the Courthouse of Lincoln County, at Hamlin, West Virginia, this 1st day of November, 1975.

Signed:
George Johnson
Clerk of the County Commission
of Lincoln County, West Virginia
1-26-75 blm

(LINCOLN COUNTY)

NOTICE OF A PUBLIC HEARING FOR THE CONSOLIDATION OF LINCOLN PUBLIC SERVICE DISTRICT IN WASHINGTON DISTRICT OF LINCOLN COUNTY AND KANAWHA COUNTY, WEST VIRGINIA AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT IN WASHINGTON AND DUVAL DISTRICTS OF LINCOLN COUNTY, WEST VIRGINIA, AND THE CONSOLIDATION OF SAID DISTRICTS INTO ONE PUBLIC SERVICE DISTRICT TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA.

Notice is hereby given that the County Commission of Lincoln County, West Virginia, upon its own motion, proposes to consolidate Lincoln Public Service District and McCorkle-Griffithsville Public Service District into one Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the commission, and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating, and improving water and sewerage facilities, and extension of public service properties and to supply water and provide sewerage services to the public for industrial, public, private or other uses and providing for a source of water, water treatment and distribution within such territories and provide sewerage collection, transmission and treatment within said territories. The existing Districts, as consolidated, will be known as "Lincoln Public Service District". The boundaries before and after consolidation are as follows:

METES AND BOUNDS
OF

LINCOLN PUBLIC SERVICE
DISTRICT
AS ORIGINALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of $38^{\circ} 16' 20''$ N and a longitude of $81^{\circ} 48''$ W, and running; thence S $54^{\circ} 40'$ W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of $38^{\circ} 14' 40''$ N and a longitude of $81^{\circ} 51'$ W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at $\frac{1}{2}$ mile) to a point at latitude $38^{\circ} 16'$ N and longitude $81^{\circ} 51'$ W; thence N $20^{\circ} 55'$ E 2.5 miles crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude $38^{\circ} 18'$ N and longitude $81^{\circ} 50'$ W; thence east 1.15 miles to a point in Big Coal River at latitude $38^{\circ} 18'$ N and longitude $81^{\circ} 48' 45''$ W, said point being northerly 1 mile from West Virginia Primary route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less, to the beginning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plat made by J. H. Milam, Inc., dated September 16, 1961.

**METES AND BOUNDS OF
McCORKLE-GRIFFITHSVILLE
PUBLIC SERVICE DISTRICT AS
ORIGINALLY CREATED**

BEGINNING at a point in secondary Route 14/6 having a latitude of N 18° 15' 00" and longitude W 81° 53' 16"; thence E .9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W, 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 55' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44" and longitude W 82° 00' 14"; thence N, 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duvall and Washington Magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1956, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

**METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE
DISTRICT AND McCORKLE-
GRIFFITHSVILLE PUBLIC
SERVICE DISTRICT AS
CONSOLIDATED INTO ONE
PUBLIC SERVICE DISTRICT
KNOWN AS LINCOLN PUBLIC
SERVICE DISTRICT, A PUBLIC
CORPORATION AND POLITICAL
SUBDIVISION OF THE STATE
OF WEST VIRGINIA**

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service District's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence with the boundary of the original Lincoln Public Service District S 54° 40' W, 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E, 1.73 miles to a point in the Little Coal River, said point being in the

Affidavit of Publication

Copy

STATE OF WEST VIRGINIA,
COUNTY OF LINCOLN, to wit:

I, E. M. Brewer, publisher ~~XXXXXX~~, being
first duly sworn upon my oath do depose and say that I am proprietor
of the entitled

Weekly News Sentinel

Democrat newspaper; that such newspaper has been
published for more than one year prior to publication of the annexed
notice described below; that such newspaper is regularly published
weekly, for at least fifty weeks during the calendar year, in the
Municipality of Hamlin, Lincoln County, West Virginia; that such
newspaper is a newspaper of "general circulation," as that term is
defined in article three, chapter fifty-nine of the Code of West Virginia,
1931, as amended, within the publication area or areas of the aforesaid
municipality and county; that such newspaper averages in length four
or more pages, exclusive of any cover, per issue; that such newspaper
is circulated to the general public at a definite price or consideration;
that such newspaper is a newspaper to which the general public resorts
for passing of a political, religious, commercial and social nature, and
for current happenings, announcements, miscellaneous reading matters,
advertisements, and other notices; that the annexed notice of _____

Public Hearing (Consolidation of Lincoln P.S.D.
and McCorkle-G'ville P.S.D.)

was published in said newspaper once a week for one (1)
successive weeks (Class I), commencing with the issue of the
26th day of Nov., 1975, and ending with the
issue of the _____ day of _____, 19____, (and was
posted at the _____, on the
_____ day of _____, 19____); that

said annexed notice was published on the following dates; _____
Nov. 26, 1975

and that the cost of publishing said annexed notice as aforesaid was
\$ 82.52

E. M. Brewer

Taken, subscribed and sworn to before me in my said county this
6th day of Dec., 1975.

My commission expires June 27, 1976

Barth R. Wick
Notary Public of Lincoln County,
West Virginia

IN THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CONSOLIDATION OF
LINCOLN PUBLIC SERVICE DISTRICT AND
McCORMKLE-GRIFFITHSVILLE PUBLIC SERVICE
DISTRICT

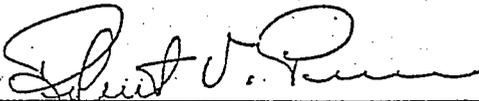
STATE OF WEST VIRGINIA,
COUNTY OF LINCOLN, to-wit:

A F F I D A V I T

Robert V. Price, being first duly sworn upon his oath deposes and says that he is duly appointed, qualified and acting member of the Board of Lincoln Public Service District, and that he did on the 28th day of November, 1975, post a copy of the within notice at the following places:

<u>Place</u>	<u>Address</u>
1. <u>Riverside Restaurant</u>	<u>Alum Creek, West Virginia</u>
2. <u>Burton Exxon</u>	<u>Alum Creek, West Virginia</u>
3. <u>Fas Check Market</u>	<u>Alum Creek, West Virginia</u>
4. <u>Pauley's Grocery</u>	<u>Alum Creek, West Virginia</u>
5. <u>Mid-way Barbar Shop</u>	<u>Alum Creek, West Virginia</u>

which five places are conspicuous places within the area described in the within notices as Lincoln Public Service District.



Affiant

TAKEN, subscribed and sworn to before the undersigned authority on the the 18th day of December, 1975.

My commission expires June 10, 1985.



Notary Public

IN THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CONSOLIDATION OF
LINCOLN PUBLIC SERVICE DISTRICT AND
McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE
DISTRICT

STATE OF WEST VIRGINIA,

COUNTY OF LINCOLN, to-wit:

A F F I D A V I T

FOSTER L. WHITE, being first duly sworn upon his oath deposes and says that he is a duly appointed, qualified and acting member of the Board of McCORKLE-GRIFFITHSVILLE Public Service District, and that he did on the 24th day of November, 1975 post a copy of the within notice at the following places:

- | <u>Place</u> | <u>Address</u> |
|---|--------------------------------------|
| 1. <u>Osborn Company, Inc. (Mercantile)</u> | <u>Griffithsville, West Virginia</u> |
| 2. <u>U. S. Post Office</u> | <u>Griffithsville, West Virginia</u> |
| 3. <u>U. S. Post Office</u> | <u>Sumerco, West Virginia</u> |
| 4. <u>U. S. Post Office</u> | <u>Yawkey, West Virginia</u> |
| 5. <u>Rig S Super Market</u> | <u>Yawkey, West Virginia</u> |

which five places are conspicuous places within the area described in the within notices as McCorkle-Griffithsville Public Service District.

Foster L. White
Affiant

TAKEN, subscribed and sworn to before the undersigned authority on this the 18th day of December, 1975.

My commission expires June 10, 1985.

Bohll
Notary Public

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 21ST DAY OF AUGUST, 1997 THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: LINCOLN PUBLIC SERVICE DISTRICT

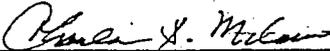
THE FOLLOWING MOTION WAS OFFERED BY DOUG WALDRON, COMMISSIONER :

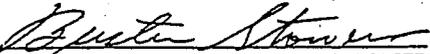
TO SET A HEARING DATE OF SEPTEMBER 4, 1997 AT 5:30 P.M. FOR THE BOUNDARY ADJUSTMENTS FOR THE LINCOLN PUBLIC SERVICE DISTRICT .

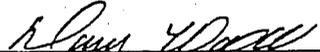
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED BY DOUG WALDRON, COMMISSIONER, AND DULY SECONDED BY BUSTER STOWERS, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFOR ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.


CHARLES S. MCCANN, PRESIDENT


BUSTER STOWERS, COMMISSIONER


DOUG WALDRON, COMMISSIONER

ORIGINAL

ENTERED
OB 987 Page _____

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

4-7-98

Entered: March 18, 1998

CASE NO. 97-1341-PWD-PC

LINCOLN COUNTY COMMISSION

Petition for consent and approval
of boundary adjustments of the
Branchland-Midkiff Public Service
District and the Lincoln Public
Service District.

RECOMMENDED DECISION

On October 3, 1997, the Lincoln County Commission filed a petition with the Public Service Commission seeking approval to enlarge the boundaries of the Branchland-Midkiff Public Service District and the Lincoln Public Service District, in accordance with West Virginia Code §16-13A-2.

By Order dated October 27, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before May 3, 1998, but, since May 3, 1998, is a Sunday, the Order will be due on or before May 1, 1998.

In a Final Staff Memorandum filed November 7, 1997, Staff Attorney Meyishi Blair, Esquire, and Mr. Randy Lengyel, Utilities Analyst, Water and Wastewater Division, explained that, in accordance with West Virginia Code §16-13A-2, the Lincoln County Commission had held a public hearing on September 4, 1997, to address the proposed boundary expansion and to receive public opposition.

Having reviewed the petition of the Lincoln County Commission, Staff was of the opinion that the Lincoln County Commission had sufficiently satisfied the requirements as set forth in West Virginia Code §16-13A-2, except to provide an affidavit which reflected that the requisite posting, as required by the statute, had taken place.

On January 20, 1998, the Lincoln County Commission submitted the affidavit of posting for the hearing held by the Lincoln County Commission on September 4, 1997.

By Order dated February 10, 1998, this matter was set for a hearing to be held in Room 108, Lincoln County Commission, Lincoln County Courthouse, Hamlin, West Virginia, on March 13, 1998. Said Order also provided that the

Lincoln County Commission give notice of the hearing to be held on March 13, 1998, by publishing a Notice of Hearing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Lincoln County.

On February 23, 1998, an Affidavit of Publication was submitted by the County Commission which reflects that publication was made in accordance with the Commission's requirements.

The hearing was held as scheduled on March 13, 1998. The Lincoln County Commission appeared by its clerk, Ms. Judy Johnson. Commission Staff appeared by Staff Attorney Meyishi Blair. No one appeared in protest to the petition.

FINDINGS OF FACT

1. On October 3, 1997, the Lincoln County Commission filed a petition seeking approval to enlarge the boundaries of the Branchland-Midkiff Public Service District and the Lincoln Public Service District, in accordance with West Virginia Code §16-13A-2. (See, Petition).

2. In a Final Joint Staff Memorandum filed November 7, 1997, Staff Attorney Meyishi Blair and Mr. Randy Lengyel, Utility Analyst, Water and Wastewater Division, explained that, having reviewed the petition of the Lincoln County Commission, Staff opined that the Lincoln County Commission had sufficiently complied with the requirements, as set forth in West Virginia Code §16-13A-2, except to provide an affidavit reflecting the requisite posting, as required by the statute. On January 20, 1998, the Lincoln County Commission submitted the Affidavit of Posting for the hearing it held on September 4, 1997. (See, Final Joint Staff Memorandum filed November 7, 1997; Affidavit of Posting, case file).

3. By Order dated February 10, 1998, this matter was set for a hearing to be held in Lincoln County on March 13, 1998. Said Order also provided that the Lincoln County Commission publish a Notice of Hearing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Lincoln County. (See, Order dated February 10, 1998).

4. On February 23, 1998, the Affidavit was submitted showing that proper publication of the hearing had been made, in accordance with the Commission's requirements. (See, Affidavit of Publication, case file).

5. No one appeared at the hearing held on March 13, 1998, in protest to the petition of the Lincoln County Commission. (See, Tr., p. 4).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since the Lincoln County Commission has given proper notice of the hearing held in this matter on March 13, 1998, and no one appeared in protest to the

petition, and since Staff recommended approval of the petition, the Order of the Lincoln County Commission to enlarge the boundaries of the Branchland-Midkiff Public Service District and the Lincoln Public Service District, issued on September 4, 1997, should be approved, pursuant to West Virginia Code §16-13A-2.

ORDER

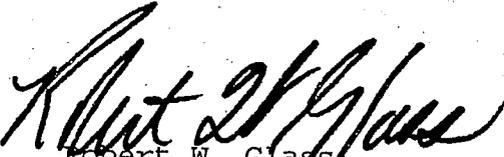
IT IS, THEREFORE, ORDERED that the Lincoln County Commission's Order of September 4, 1997, enlarging the boundaries of the Branchland-Midkiff Public Service District and the Lincoln Public Service District, be, and the same hereby is, approved.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.


Robert W. Glass
Administrative Law Judge

RWG:jas

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON WEDNESDAY, THE 26TH DAY OF NOVEMBER, A. D., 1975.

MEMBERS: HONORABLE J. D. CATALANO, PRESIDENT, KELLY L. CASTLEBERRY AND THOMAS L. BLACK, GENTLEMEN COMMISSIONERS OF THE COUNTY.

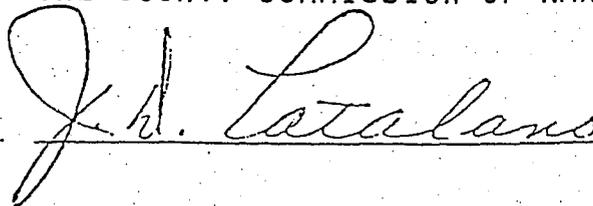
RE: LINCOLN PUBLIC SERVICE DISTRICT

This day came the County Commission of Lincoln County, West Virginia and presented to this Commission and asked leave to file a certified copy of its Order dated November 21, 1975 proposing the consolidation of Lincoln Public Service District and McCorkle-Griffiths-ville Public Service District, embracing parts of District II of Kanawha County and Washington District of Lincoln County, West Virginia as provided for in West Virginia Code 16-13A-2 and praying for an order directing the publication of notice of a hearing on said matter, before said Commission, at 10 o'clock A. M. on December 19, 1975, which leave is granted and said order is ORDERED filed.

It is accordingly ORDERED that notice of said hearing be published in the Charleston Gazette once at least ten days prior to said hearing and that said publisher furnish both the County Commission of Lincoln County and the County Commission of Kanawha County with a copy of the publisher's affidavit and billing the County Commission of Lincoln County for the charges.

Teste:

THE COUNTY COMMISSION OF KANAWHA COUNTY



Walter T. Castleberry
Thomas D. Black

Approved By:

Lawrence H. Andrews
County Attorney

A True Copy From The Record
JACK L. PAULEY CLERK

Amelia K. Rabel
Deputy

(KANAWHA COUNTY)
 NOTICE OF PUBLIC HEARING FOR
 THE CONSOLIDATION OF LINCOLN
 PUBLIC SERVICE DISTRICT IN
 WASHINGTON DISTRICTS OF LIN-
 COLN AND KANAWHA COUNTIES,
 WEST VIRGINIA, AND MCCORKLE-
 GRIFFITHSVILLE PUBLIC SER-
 VICE DISTRICT IN WASHINGTON
 AND DUVAL DISTRICTS OF LIN-
 COLN COUNTY, WEST VIRGINIA,
 AND THE CONSOLIDATION OF
 SAID DISTRICTS INTO ONE PUBLIC
 SERVICE DISTRICT, TO BE KNOWN
 AS LINCOLN PUBLIC SERVICE DIS-
 TRICT, A PUBLIC SERVICE CORPO-
 RATION AND POLITICAL SUBDIVI-
 SION OF THE STATE OF WEST
 VIRGINIA.

Pursuant to an order of the County Commission of Kanawha County, West Virginia, made and entered on the 26th day of Nov., 1973, which order was entered at the request of the County Commission of Lincoln County, West Virginia, upon receipt of certified copies of the order of the County Commission of Lincoln County, West Virginia, that by virtue of the authority of Article 12-A, Chapter 25 of the Code of West Virginia, as last amended, the County Commission of Lincoln County, West Virginia, upon its own motion, proposes to consolidate said Lincoln Public Service District and McCorkle-Griffithsville Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the County Commission of Lincoln County and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating and improving water and sewerage facilities, and extension of public service properties and to supply water and to provide sewerage services to the public for industrial, public or private or other uses, providing for a source of water, treatment and distribution within such territory and provide sewerage collection, transmission and treatment within said territories. The existing Districts as consolidated, will be known as Lincoln Public Service District. The boundaries before and after consolidation are as follows:

METES AND BOUNDS OF
 LINCOLN PUBLIC SERVICE DIS-
 TRICT AS ORIGINALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 14' 20" N and a longitude of 81° 42' W, and running thence S 51° 40' W 2.3 miles to a point 3940 feet south of West Virginia Primary Route 14 and having a latitude of 38° 14' 40" N and a longitude of 81° 51' W; thence N 1.5 miles crossing West Virginia Primary Route 14 at 1/2 mile to a point at latitude 38° 14' N and longitude 81° 51' W; thence N 20° 55' E 2.5 miles, crossing West Virginia Secondary Route 12, 13 1/2 and 12 1/2 to a point at latitude 38° 18' N and longitude 81° 50' W; thence E 1.15 miles to a point in Big Coal River at latitude 38° 18' N and longitude 81° 42' 45" W, said point being not more than 1/2 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles, more or less, to the beginning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plan made by J.H. Milam, Inc., dated September 16, 1961.

METES AND BOUNDS OF
 MCCORKLE-GRIFFITHSVILLE
 PUBLIC SERVICE DISTRICT AS OR-
 IGINALLY CREATED

BEGINNING at a point in Secondary Route 146 having a latitude of N 18° 15' 00" and longitude W 81° 53' 18"; thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 31° 12' 04" and longitude W 81° 50' 23"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 36° 17' 53" and longitude W 81° 52' 45"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 36° 11' 32" and longitude W 81° 54' 37"; thence N 45° 00' W 3.45 miles to a point having a latitude of N 38° 13' 44" and a longitude W 81° 50' 28"; thence W 0.7 miles to a point having latitude N 38° 14" and longitude W 82° 00' 14"; thence N 0° 9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.35 miles to a point having a latitude N 38° 14' 31" and a longitude W 81° 47' 26"; thence S 40° 00' E 1.6 miles; thence N 60° 00' E 2.25 miles to place of beginning, containing 16.83 square miles, and being a portion of Duval and Washington Magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Consulting Engineers, 1214 Avers Avenue, Duval, West Virginia, dated February 24, 1964, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF

LINCOLN PUBLIC SERVICE DISTRICT AND MCCORKLE-GRIFFINSVILLE PUBLIC SERVICE DISTRICT

AS CONSOLIDATED INTO ONE PUBLIC SERVICE DISTRICT.

KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service District's boundary and having a latitude of $N 28^{\circ} 14' 20''$ and a longitude of $W 81^{\circ} 48' 00''$; thence with the boundary of the original Lincoln Public Service District $S 14^{\circ} 40' W 3.20$ miles to a point having a latitude of $N 28^{\circ} 14' 20''$ and a longitude of $W 81^{\circ} 31' 00''$; thence leaving the boundary of the original Lincoln Public Service District $S 27^{\circ} 20' E 1.73$ miles to a point in the Little Coal River, said point being in the Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffinsville Public Service District, having a latitude of $N 28^{\circ} 13' 17''$ and a longitude of $W 81^{\circ} 50' 00''$; thence in a southerly direction 100 miles with the Little Coal River and the original McCorkle-Griffinsville Public Service District boundary to a point having a latitude of $N 28^{\circ} 12' 00''$ and a longitude of $W 81^{\circ} 50' 25''$; thence having the Little Coal River and continuing with the original McCorkle-Griffinsville Public Service District's boundary $N 45^{\circ} 00' W 3.20$ miles to a point having a latitude of $N 28^{\circ} 12' 52''$ and a longitude of $W 81^{\circ} 52' 49''$; thence with the original district boundary $S 31^{\circ} 33' W 4.45$ miles to a point having a latitude of $N 28^{\circ} 12' 44''$ and a longitude of $W 81^{\circ} 54' 37''$; thence with the original district boundary $N 45^{\circ} 00' W 3.45$ miles to a point having a latitude of $N 28^{\circ} 12' 44''$ and a longitude of $W 81^{\circ} 59' 24''$; thence with the original district boundary $W 0.70$ miles to a point having a latitude of $N 28^{\circ} 13' 44''$ and a longitude of $W 82^{\circ} 00' 14''$; thence with the original district boundary $E 0.70$ miles to a point thence with the original district boundary $N 30^{\circ} 00' E 1.40$ miles to a point; thence with the original district boundary $E 0.64$ miles to a point; thence with the original district boundary $S 20^{\circ} W 1.40$ miles to a point; thence with the original boundary $E 1.19$ miles to a point having a latitude of $N 28^{\circ} 14' 21''$ and a longitude of $W 81^{\circ} 57' 24''$; thence with the original district boundary $S 60^{\circ} 00' E 1.60$ miles to a point having a latitude of $N 28^{\circ} 13' 49''$ and a longitude of $W 81^{\circ} 55' 54''$; thence with the original district boundary $N 60^{\circ} 00' E 2.75$ miles to a point having a latitude of $N 28^{\circ} 13' 00''$ and a longitude of $W 81^{\circ} 53' 16''$; thence with the original district boundary $E 0.90$ miles to a point; thence leaving the original McCorkle-Griffinsville Public Service District's boundary $N 45^{\circ} 20' E 1.21$ miles to a point in the original Lincoln Public Service District's boundary; having a latitude of $N 28^{\circ} 16' 00''$ and a longitude of $W 81^{\circ} 51' 00''$; thence with the original Lincoln Public Service District's boundary $N 20^{\circ} 55' E 2.50$ miles to a point having a latitude of $N 28^{\circ} 18' 00''$ and a longitude of $W 81^{\circ} 50' 00''$; thence with the original district boundary $E 1.15$ miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of $N 28^{\circ} 13' 00''$ and a longitude of $W 81^{\circ} 48' 45''$; thence with the original district boundary and the Big Coal River in a southerly direction 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.37 square miles, all of which is in the Duval and Washington Magisterial District, Lincoln County, West Virginia as shown on the map prepared by J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

A Public hearing upon said proposal has been set by the County Commission of Lincoln County, West Virginia, on the 19th day of December, 1975, at the hour of 10 o'clock a.m., in the courthouse at Hamlin, Lincoln County, West Virginia, at which time and place

all persons residing in or owning or having any interest in property in said existing public service districts may appear and be heard for or against the consolidation, into one Public Service District.

GIVEN under my hand at the Courthouse of Kanawha County, at Charleston, West Virginia, this 24th day of Nov. 1975.

Jack Purley
Chair of the County Commission
of Kanawha County, West Virginia

**METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AS REVISED**

Beginning at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00", Thence S 74° 45' W approximately 2000 feet to a point in Little Coal River, said point also being on the Kanawha and Lincoln County Boundary and having a latitude of N 38° 16' 15" and longitude of W 81° 48' 24"; Thence, approximately 51,000 feet in a Southwesterly direction running with the Lincoln County and Kanawha County Boundary to a point which is the intersection of the Lincoln County, Kanawha County and Boone County Boundaries, said point having a latitude of N 38° 12' 33" and longitude of W 81° 50' 00", Thence approximately 106,100 feet in a Southwesterly direction running with the Lincoln County and Boone County Boundary to a point on said boundary having a latitude of N 38° 05' 00" and longitude of W 81° 57' 50", said point also being the Northeast corner of the Logan County Public Service District Boundary; Thence, following a straight line due West along the Northern Boundary of the Logan County Public Service District approximately 33,790 feet to a point having a latitude of N 38° 05' 00" and longitude of W 82° 05' 00"; said Point also being the South East corner of the Branchland-Midkiff Public Service District Boundary; Thence, following a straight line due North along the Eastern Boundary of the Branchland-Midkiff Public Service District approximately 10,900 feet to a point in the Boundary of the Laurel Hill and Jefferson Magisterial Districts said

point having a latitude of N 38° 06' 47" and longitude of W 82° 05' 00"; Thence approximately 16,800 feet in a Northwesterly direction running with the Jefferson and Laurel Hill Magisterial Districts Boundary to a point of Intersection of the Jefferson, Laurel Hill and Union Magisterial District Boundaries, said point having a latitude of N 38° 08' 26", and a longitude of W 82° 06' 10", said line also being the Eastern Boundary of the Branchland-Midkiff Public Service District; Thence, approximately 28,000 feet in a Northwesterly direction along the Laurel Hill and Union Magisterial Districts Boundary to a point of Intersection of the Laurel Hill, Union and Sheridan Magisterial District Boundaries, said point having a latitude of N 38° 11' 38" and a longitude of W 82° 07' 38", said line also being the Eastern Boundary of the Branchland-Midkiff Public Service District; Thence, approximately 6,200 feet in a Northwesterly direction along the Union and Sheridan Magisterial Districts Boundary to a point of Intersection of the Union, Sheridan and Carroll Magisterial District Boundaries, said point having a latitude of N 38° 12' 24" and a longitude of W 82° 08' 08", said line also being the boundary of the Branchland-Midkiff Public Service District; Thence, approximately 22,000 feet in a Northwesterly direction along the Sheridan and Carroll Magisterial Districts Boundary to a point in said Boundary having a latitude of N 38° 14' 30" and a longitude of W 82° 09' 20", said point also being the Northeast corner of the Branchland-Midkiff Public Service District Boundary; Thence, approximately 9000 feet in a Northeasterly direction along the Sheridan and Carroll Magisterial Districts Boundary to a point in said Boundary having a latitude of N 38° 15' 41" and a longitude of W 82° 08' 51", Thence in a straight line due East approximately 11,400 feet to a point having a latitude of N 38° 15' 41" and a

longitude of W 82° 06' 28", Thence N 56° 30' E approximately 20,000 feet to a point in the Putnam County and Lincoln County Boundary having a latitude of N 38° 17' 24" and a longitude of W 82° 02' 56", Thence, approximately 55,000 feet in an East to Northeasterly direction along the Putnam County and Lincoln County Boundary to a point which is the Intersection of the Lincoln County, Putnam County and Kanawha County Boundaries, having a latitude of N 38° 19' 33" and a longitude of 81° 54' 55", Thence, approximately 44,500 feet in an East to Southeasterly direction along the Lincoln County and Kanawha County Boundary to a point on the Lincoln County and Kanawha County Boundary having a latitude of N 38° 17' 10" and longitude of W 81° 48' 25", said point also being an Intersection of WV State Route No. 214 and the Big Coal River, Thence, approximately 5,600 feet in a Southerly direction along the Big Coal River leaving the Lincoln County and Kanawha County Boundary and being in Kanawha County, said line also being along the original Boundary of the Lincoln Public Service District to the Point of Beginning.

**AGENDA
LINCOLN COUNTY COMMISSION
SEPTEMBER 4, 1997 5:00 P.M.**

THE LINCOLN COUNTY COMMISSION HELD A PUBLIC HEARING ON
SEPTEMBER 4, 1997 AT 5:00 P.M. & 5:30 P.M. IN ROOM 108 OF THE LINCOLN
COUNTY COURTHOUSE.

<u>MEMBERS</u>	<u>PRESENT</u>	<u>ABSENT</u>
DONALD C. WHITTEN, CLERK	<u>X</u>	_____
CHARLES S. MCCANN, PRESIDENT	<u>X</u>	_____
BUSTER STOWERS, COMMISSIONER	<u>X</u>	_____
DOUG WALDRON, COMMISSIONER	<u>X</u>	_____
JACKIE STEVENS, PROSECUTING ATTY	<u>X</u>	_____

I. CALL TO ORDER

THE PUBLIC HEARING WAS CALL TO ORDER BY JUDY JOHNSON

II. DISCUSSION OF CONCERN

BRANCLAND-MIDKIFF PUBLIC SERVICE DISTRICT
EXPANDING THE BOUNDARY OF THE PUBLIC SERVICE DISTRICT
TERRY MYERS-HAWORTH, MEYER, & BOLEYN EXPLAINED THE
BOUNDARY ADJUSTMENTS THAT WERE NEEDED

NO OBJECTIONS WERE RECEIVED AT THIS HEARING

MOTION WAS MADE BY CHARLES MCCANN, PRESIDENT TO TAKE A
RECESS AT THIS PUBLIC HEARING UNTIL 5:30 TO RECONVENE FOR THE
NEXT PUBLIC HEARING. DOUG WALDRON SECOND THE MOTION. .

THE COMMISSION NOW RECONVENE THE PUBLIC HEARING AT 5:30
P.M.

LINCOLN PUBLIC SERVICE DISTRICT
EXPANDING THE BOUNDARY OF THE PUBLIC SERVICE DISTRICT
TERRY MYERS-HAWORTH, MEYER, & BOLEYN EXPLAINED
THE BOUNDARY ADJUSTMENTS THAT WERE NEEDED

NO OBJECTIONS WERE RECEIVED AT THIS HEARING

MOTION BY CHARLES MCCANN SECOND BY BUSTER STOWERS
TO ADJOURN THIS PUBLIC HEARING.

AGENDA
LINCOLN COUNTY COMMISSION
SEPTEMBER 4, 1997 6:00 P.M.

THE LINCOLN COUNTY COMMISSION MET IN REGULAR SESSION ON SEPTEMBER 4, 1997 AT 6:00 P.M. IN ROOM #108 OF THE LINCOLN COUNTY COURT-HOUSE.

<u>MEMBERS</u>	<u>PRESENT</u>	<u>ABSENT</u>
DONALD C. WHITTEN, CLERK	<u>X</u>	<u> </u>
CHARLES MCCANN, PRESIDENT	<u>X</u>	<u> </u>
BUSTER STOWERS, COMMISSIONER	<u>X</u>	<u> </u>
DOUG WALDRON, COMMISSIONER	<u>X</u>	<u> </u>
JACKIE STEVENS, PROSECUTING ATTY	<u> </u>	<u>X</u>

I. CALL TO ORDER

THE MEETING WAS CALLED TO ORDER BY JUDY JOHNSON

II. DISCUSSION OF CONCERN

PLEDGE OF ALLEGIANCE

DAVID MICHAEL-HARTS CREEK WATERLINE EXTENSION

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS

TO APPROVE THE DRAW DOWN REQUEST #10 IN THE AMOUNT OF \$5,920.73 FOR THE HARTS CREEK WATERLINE EXTENSION. TO APPROVE PAYMENT OF THE FOLLOWING BILLS: HMB INVOICE #10 \$5,160.00, REGION II JUNE INVOICE \$760.73 AND TO GIVE CHARLES MCCANN, PRESIDENT AUTHORIZATION TO SIGN THUS STATED DOCUMENTS.

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS

TO SUBMIT THE FOLLOWING DOCUMENTS TO JEANNA BAILES OF WEST VIRGINIA DEVELOPMENT AUTHORITY FOR THE ATENVILLE WATER PROJECT APPLICATION:

1. NEW MAP WITH SPECIFIC LANDMARKS
2. COMMENTS FROM THE WATER TECHNICAL REVIEW COMMITTEE
3. COMMUNITY DEVELOPMENT HOUSING PLAN

JOE KIEFER & RUTH CYFERS - ROAD CLOSING - TO NOTE THE RECORD OF RECEIVING THE LETTER ON THE GATE CLOSURES

PUBLIC HEARING ON PUBLIC SERVICE BOUNDARY ADJUSTMENTS

MOTION BY DOUG WALDRON SECOND BY CHARLES MCCANN

TO ADOPT A RESOLUTION STATING THE LINCOLN COUNTY COMMISSION DID HOLD A PUBLIC HEARING ON SEPTEMBER 4, 1997 FOR THE BRANCLAND-MID-KIFF PUBLIC SERVICE DISTRICT AND NO ONE WAS PRESENT OBJECTING TO THE BOUNDARY ADJUSTMENTS FOR THUS STATED PSD AND THE LINCOLN COUNTY COMMISSION DOES APPROVE THE BOUNDARY ADJUSTMENTS AS PRESENTED.

DISCUSSION OF CONCERN CONTINUED

MOTION BY DOUG WALDRON SECOND BY CHARLES MCCANN
TO ADOPT A RESOLUTION STATING THE LINCOLN COUNTY COMMISSION DID
HOLD A PUBLIC HEARING ON SEPTEMBER 4, 1997 FOR THE LINCOLN PUBLIC
SERVICE DISTRICT AND NO ONE PRESENT OBJECTED TO THE BOUNDARY
ADJUSTMENTS FOR THUS STATED PSD AND THE LINCOLN COUNTY COMMISSION
DOES APPROVE THE BOUNDARY ADJUSTMENTS FOR THE LINCOLN PUBLIC
SERVICE DISTRICT.

LINCOLN COUNTY AMBULANCE AUTHORITY

ACKNOWLEDGE RECEIVING THE UPDATE FROM THE LINCOLN COUNTY
AMBULANCE AUTHORITY AND SEND ALBEN DUVAL A LETTER CONCERNING
PROPERTY FOR A HARTS FACILITY.

III. OLD BUSINESS

HEARING FOR SIERRA COOK & NATASHA COOK

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO APPOINT DONNA COOPER AS GUARDIAN FOR SIERRA COOK & NATASHA
COOK BOND SET AT \$250.00.

COUNTY ORDINANCE COMPLIANCE OFFICER/DEPUTY SHERIFF

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO EMPLOY DARREN OWENS AS A COUNTY ORDINANCE COMPLIANCE OFFIC-
ER/DEPUTY SHERIFF WITH JOB DESCRIPTIONS AS PRESENTED BY KIM CECIL,
SHERIFF.

WEST VIRGINIA EMS TECHNICAL SUPPORT NETWORK, INC.

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO APPOINT JIM OLDAKER AS A REPRESENTATIVE TO THE WEST
VIRGINIA EMS TECHNICAL SUPPORT NETWORK, INC. AS A CONSUMER REPRESENTATIVE FOR LINCOLN COUNTY.

CREWS & ASSOCIATES, INC-MORTGAGE REVENUE REFUNDING BONDS
ACKNOWLEDGE RECEIVING THE UPDATE ON THE MORTGAGE BONDS

IV. NEW BUSINESS

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO APPROVE THE BILLS AS SUBMITTED WITH EXCEPTION OF THE THREE FIRE
DEPARTMENTS THAT ARE NOT IN COMPLIANCE WITH THE LEVY

LINCOLN COUNTY COMMISSION

SEPTEMBER 4, 1997 6:00 P.M.

PAGE 3 OF 6

NEW BUSINESS CONTINUED

MOTION BY BUSTER STOWERS SECOND BY DOUG WALDRON
TO APPROVE THE EXONERATION ORDERS AS SUBMITTED BY JERRY WEAVER,
ASSESSOR.

MOTION BY BUSTER STOWERS SECOND BY DOUG WALDRON
TO ACCEPT THE RESIGNATION OF DAVID L. KIDD, JR AS REPRESENTATIVE FOR
LINCOLN EMERGENCY SERVICES TO THE LINCOLN COUNTY AMBULANCE SER-
VICE.

MOTION BY CHARLES MCCANN SECOND BY DOUG WALDRON
TO SEND A LETTER TO THE LINCOLN COUNTY AMBULANCE AUTHORITY RE-
QUESTING NAMES TO APPOINT TO THE LINCOLN COUNTY AMBULANCE AUTHOR-
ITY.

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO APPROVE A BUDGET TRANSFER FOR THE OFFICE OF THE PROSECUTING
ATTORNEY IN THE AMOUNT OF \$20,000.00 TO HIRE AN ASSISTANT PROSECUTOR

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO APPROVE A BUDGET TRANSFER FOR THE OFFICE OF THE SHERIFF LAW EN-
FORCEMENT SALARY & WAGES IN THE AMOUNT OF \$10,000.00 TO HIRE A COUN-
TY ORDINANCE COMPLIANCE OFFICER/DEPUTY SHERIFF.

MOTION BY CHARLES MCCANN SECOND BY BUSTER STOWERS
TO TRANSFER MONEY TO THE SHERIFF'S LAW ENFORCEMENT FOR THE SALARY
OF JERRY BOWMAN AND MONEY WILL BE REPLACED WITH THE PROCESS SERV-
ER AND PISTOL PERMIT MONEY AND \$5,000.00 FROM HOME CONFINEMENT

CELLMARK DIAGNOSTICS

TO NOTIFY CELLMARK DIAGNOSTICS THAT CECELIA JARRELL MUST SUBMIT A
LETTER TO THE COMMISSION THAT THIS SERVICE WAS REQUESTED BY THE
PROSECUTING ATTORNEY

MOTION BY DOUG WALDRON SECOND BY BUSTER STOWERS
TO ACCEPT THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE FOR THE QUARTER ENDING JUNE 30, 1997 FOR THE LINCOLN
COUNTY AMBULANCE AUTHORITY AS PRESENTED BY JAMES MCCLURE.

FEDERAL EMERGENCY MANAGEMENT AGENCY-REVISIONS TO NATIONAL FLOOD
INSURANCE PROGRAM MAPS

LINCOLN COUNTY COMMISSION

SEPTEMBER 4, 1997 6:00 P.M.

PAGE 4 OF 6

NEW BUSINESS CONTINUED

MOTION BY BUSTER STOWERS SECOND BY DOUG WALDRON
TO ACCEPT THE DATA AND THE NECESSARY FORMS AS REQUESTED FOR THE REVISIONS TO THE NATIONAL FLOOD INSURANCE PROGRAMS MAPS AND HAVE THE NEW COMPLIANCE OFFICER TO COMPLETE THIS MATERIAL FOR REVISIONS TO THE FLOOD ZONING FOR THE UPPER MUD RIVER DAM.

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY UPDATE

MOTION BY CHARLES MCCANN SECOND BY DOUG WALDRON
TO SET A HEARING DATE OF SEPTEMBER 18, 1997 AT 10:00 A.M. TO APPOINT A GUARDIAN FOR AMANDA MAE BIAS: AGE 16.

MOTION BY CHARLES MCCANN SECOND BY DOUG WALDRON
TO APPOINT JIM MCCOY AS GUARDIAN AD LITEM FOR AMANDA MAE BIAS.

MOTION BY CHARLES MCCANN SECOND BY BUSTER STOWERS
TO SET A HEARING DATE OF SEPTEMBER 18, 1997 AT 10:00 A.M. TO APPOINT A GUARDIAN FOR GRACIE LYNN BELLOMY. AGE 13.

MOTION BY CHARLES MCCANN SECOND BY DOUG WALDRON
TO APPOINT JIM MCCOY AS GUARDIAN AD LITEM FOR GRACIE LYNN BELLOMY.

MOTION BY CHARLES MCCANN SECOND BY DOUG WALDRON
TO APPROVE THE APPOINTMENT OF FRANKLIN D. PERKINS AS EXECUTOR OF THE ESTATE OF KATHLEEN PERKINS. DONE IN VACATION OF THE LINCOLN COUNTY COMMISSION BY DONALD C. WHITTEN, CLERK.

MOTION BY CHARLES MCCANN SECOND BY BUSTER STOWERS
TO APPROVE THE APPOINTMENT OF KATHLEEN SYLVIA KEENEY AS EXECUTRIX OF THE ESTATE OF ERNA B. MILLER. DONE IN VACATION OF THE LINCOLN COUNTY COMMISSION BY DONALD C. WHITTEN, CLERK.

MOTION BY CHARLES MCCANN SECOND BY BUSTER STOWERS
TO APPROVE THE APPOINTMENT OF WILLIAM V. WORKMAN AS GUARDIAN FOR WILLIAM VIRGIL WORKMAN JR. DONE IN VACATION OF THE LINCOLN COUNTY COMMISSION BY DONALD C. WHITTEN, CLERK.

MOTION BY CHARLES MCCANN SECOND BY DOUG WALDRON
TO APPROVE THE APPOINTMENT OF THOMAS J. LEETE AS EXECUTOR OF THE ESTATE OF BESSIE L. LEETE. DONE IN VACATION OF THE LINCOLN COUNTY COMMISSION BY DONALD C. WHITTEN, CLERK.

LINCOLN COUNTY COMMISSION

SEPTEMBER 4, 1997 6:00 P.M.

PAGE 5 OF 6

NEW BUSINESS CONTINUED

MOTION BY **CHARLES MCCANN** SECOND BY **BUSTER STOWERS**
TO APPROVE THE APPOINTMENT OF ORPHA KIRK AS EXECUTRIX OF THE ESTATE
OF RAY KIRK. DONE IN VACATION OF THE LINCOLN COUNTY COMMISSION BY
DONALD C. WHITTEN, CLERK.

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO APPROVE THE APPOINTMENT OF MERILYN MULLINS SPRY AS ADMINISTRA-
TRIX OF THE ESTATE OF RHONDEL LEE MULLINS. DONE IN VACATION OF THE
LINCOLN COUNTY COMMISSION BY DONALD C. WHITTEN, CLERK.

MOTION BY **CHARLES MCCANN** SECOND BY **BUSTER STOWERS**
TO APPROVE THE APPOINTMENT OF ALLEN O. LUCAS AS EXECUTOR OF THE
ESTATE OF OPAL A. LUCAS. DONE IN VACATION OF THE LINCOLN COUNTY
COMMISSION BY DONALD C. WHITTEN, CLERK.

MOTION BY **CHARLES MCCANN** SECOND BY **BUSTER STOWERS**
TO APPROVE THE APPOINTMENT OF BETTY L. MILLS AS ADMINISTRATRIX OF
THE ESTATE OF ARNOLD MILLS. DONE IN VACATION OF THE LINCOLN COUNTY
COMMISSION BY DONALD D. C. WHITTEN, CLERK.

KIM CECIL, SHERIFF-RADIO SYSTEM

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO SEND A LETTER TO ALLEN HOLDER, DIRECTOR FOR LINCOLN 9-1-1 TO SEE IF
FUNDS CAN BE AVAILABLE TO PAY FOR THE REPAIRS TO THE SHERIFF'S
DEPARTMENT RADIO SYSTEM

MOTION BY **CHARLES MCCANN** SECOND BY **BUSTER STOWERS**
TO APPROVE THE HARTS COMMUNITY TO PARTICIPATE IN THE COMMUNITY
COLLABORATIVE TRAINING SPONSORED BY THE WEST VIRGINIA DEVELOPMENT
OFFICE.

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO APPROVE AND ACCEPT THE FISCAL YEAR 1996/97 FINANCIAL STATEMENT AS
PRESENTED BY DENNIS SIZEMORE.

BOOKKEEPING CONCERNS

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO APPOINT JUDY JOHNSON AS BOOKKEEPER TO ENTER DATA IN THE COMPUT-
ER TO PRODUCE MONTHLY BUDGET CONTROL REPORTS

LINCOLN COUNTY COMMISSION

SEPTEMBER 4, 1997 6:00 P.M.

PAGE 6 OF 6

NEW BUSINESS CONTINUED

YOUTH CAMP ADVISORY COMMITTEE

MOTION BY **BUSTER STOWERS** SECOND BY **DOUG WALDRON**
TO ADVERTISE IN THE PAPER FOR ANYONE INTERESTED IN SERVING ON A
YOUTH CAMP ADVISORY COMMITTEE TO APPLY IN THE COUNTY COMMISSION'S
OFFICE. AND TO GIVE ALL APPLICATIONS TO RIC MCDOWELL FOR HIS RECOM-
MENDATION OF APPOINTMENTS.

MOTION BY **BUSTER STOWERS** SECOND BY **DOUG WALDRON**
TO APPROVE THE EMPLOYMENT OF TIFFANY ADKINS AS A CO-OP EMPLOYEE IN
THE CIRCUIT CLERK'S OFFICE AS REQUESTED BY GREG STOWERS, CLERK.

JIM OLDAKER - FIREMAN'S ASSOCIATION

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO CHANGE THE REQUEST REQUIRING ALL DOCUMENTS FROM ALL VOLUNTEER
FIRE DEPARTMENTS TO FILE AUDITS AND TAX RETURN 990 INTO THE COUNTY
COMMISSION'S SIX MONTHS FROM THE END OF THE FISCAL YEAR, NOT SIXTY
DAYS.

MOTION BY **CHARLES MCCANN** SECOND BY **BUSTER STOWERS**
TO RE-APPOINT JACK THOMAS AS COUNTY FIRE COORDINATOR FOR LINCOLN
COUNTY.

MOTION BY **DOUG WALDRON** SECOND BY **CHARLES MCCANN**
TO AMEND THE BUILDING PERMITS REQUIREMENTS TO ANY AND ALL WATER
WELL AND SEWAGE SYSTEMS.

FRANCIS HOLTON - FLOOD ZONING

PRESENTATION ON THE FLOOD ORDINANCE AND BUILDING PERMITS

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO ADJOURN THIS SESSION OF THE LINCOLN COUNTY COMMISSION.

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 4TH DAY OF SEPTEMBER, 1997 THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: BRANCLAND-MIDKIFF PUBLIC SERVICE BOUNDARY ADJUSTMENTS

THE FOLLOWING MOTION WAS OFFERED BY DOUG WALDRON, COMMISSIONER :

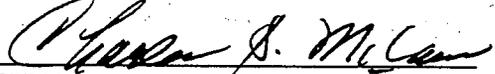
TO ADOPT A RESOLUTION STATING THE LINCOLN COUNTY COMMISSION DID HOLD A PUBLIC HEARING ON SEPTEMBER 4, 1997 FOR THE BRANCLAND-MIDKIFF PUBLIC SERVICE DISTRICT AND NO ONE WAS PRESENT OBJECTING TO THE BOUNDARY ADJUSTMENTS FOR THUS STATED PSD AND THE LINCOLN COUNTY COMMISSION DOES HEREBY APPROVE THE BOUNDARY ADJUSTMENTS AS PRESENTED.

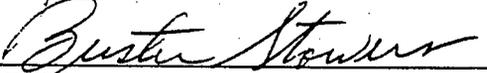
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED BY DOUG WALDRON, COMMISSIONER, AND DULY SECONDED

BY CHARLES MCCANN, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

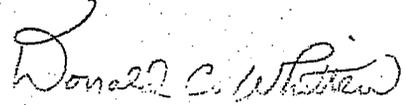
WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.


CHARLES S. MCCANN, PRESIDENT


BUSTER STOWERS, COMMISSIONER


DOUG WALDRON, COMMISSIONER

CERTIFIED TO BE A TRUE COPY

TESTE: 
CLERK LINCOLN COUNTY COMMISSION

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 4TH DAY OF SEPTEMBER, 1997 THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: LINCOLN PUBLIC SERVICE DISTRICT BOUNDARY ADJUSTMENTS

THE FOLLOWING MOTION WAS OFFERED BY DOUG WALDRON, COMMISSIONER :

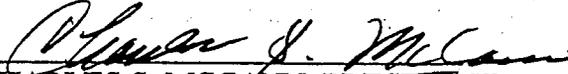
TO ADOPT A RESOLUTION STATING THE LINCOLN COUNTY COMMISSION DID HOLD A PUBLIC HEARING ON SEPTEMBER 4, 1997 FOR THE LINCOLN PUBLIC SERVICE DISTRICT AND NO ONE WAS PRESENT OBJECTING TO THE BOUNDARY ADJUSTMENTS FOR THUS STATED PSD AND THE LINCOLN COUNTY COMMISSION DOES HEREBY APPROVE THE BOUNDARY ADJUSTMENTS AS PRESENTED.

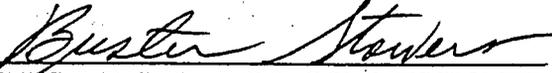
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED BY DOUG WALDRON, COMMISSIONER, AND DULY SECONDED

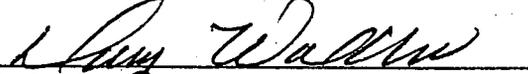
BY CHARLES MCCANN, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

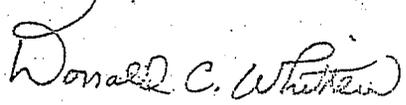
WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.


CHARLES S. MCCANN, PRESIDENT


BUSTER STOWERS, COMMISSIONER


DOUG WALDRON, COMMISSIONER

CERTIFIED TO BE A TRUE COPY

TESTE: 
CLERK, LINCOLN COUNTY COMMISSION

METES AND BOUNDS OF
BRANCHLAND-MIDKIFF PUBLIC SERVICE DISTRICT
AS REVISED

Beginning at a point having a latitude of N 38° 05' 00" and longitude of W 82° 05' 00", said point also being the Southwest corner of the Lincoln Public Service District and also being a point on the Northern Boundary of the Logan County Public Service District, Thence, following a straight line in a Southwesterly direction along the Northern Boundary of the Logan County Public Service District approximately 23,760 feet to a point on West Virginia Route 10 at the top of Fourteen Mile Mountain having a latitude of N 38° 03' 46" and longitude of W 82° 09' 38", Thence, following a straight line in a southerly direction along the Northern Boundary of the Logan County Public Service District approximately 13,200 feet, to a point on the Lincoln County and Wayne County Boundary located on said boundary approximately 5,000 feet North of its intersection with County Route 68 having a latitude of N 38° 02' 43" and longitude of W 82° 11' 40", Thence, in a Northerly direction approximately 108,000 feet along the Lincoln County and Wayne County Boundary to a point on said boundary having a latitude of N 38° 14' 30" and longitude of W 82° 15' 35", Thence, following a straight line due East approximately 29,800 feet to a point on the Sheridan and Carroll Magisterial Districts Boundary having a latitude of N 38° 14' 30" and longitude of W 82° 09' 20", said point also being on the Western Boundary of the Lincoln Public Service District, Thence, in a Southeasterly direction approximately 22,000 feet along the Sheridan and Carroll Magisterial Districts Boundary

and along the Western Boundary of the Lincoln Public Service District to a point of intersection of the Union, Sheridan and Carroll Magisterial Districts Boundary having a latitude of N 38° 12' 24" and longitude of W 82° 08' 08", Thence in a Southeasterly direction approximately 6,200 feet along the Sheridan and Union Magisterial Districts boundary and along the Western Boundary of the Lincoln Public Service District to a point of intersection of the Sheridan, Union and Laurel Hill Magisterial Districts Boundary having a latitude of N 38° 11' 38" and longitude of W 82° 07' 38", Thence, in a Southeasterly direction approximately 28,000 feet along the Union and Laurel Hill Magisterial Districts Boundary and along the Western Boundary of the Lincoln Public Service District to a point of intersection of the Laurel Hill, Union, and Jefferson Magisterial Districts Boundary having a latitude of N 38° 08' 26" and longitude of W 82° 06' 10", Thence, in a Southeasterly direction approximately 16,800 feet along the Laurel Hill and Jefferson Magisterial Districts Boundary and along the Western Boundary of Lincoln Public Service District to a point on said boundaries having a latitude of N 38° 06' 47" and longitude of W 82° 05' 00", Thence, following a straight line due South approximately 10,900 feet along the Western Boundary of Lincoln Public Service District to the Point of Beginning.

**METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AS REVISED**

Beginning at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00", Thence S 74° 45' W approximately 2000 feet to a point in Little Coal River, said point also being on the Kanawha and Lincoln County Boundary and having a latitude of N 38° 16' 15" and longitude of W 81° 48' 24"; Thence, approximately 51,000 feet in a Southwesterly direction running with the Lincoln County and Kanawha County Boundary to a point which is the intersection of the Lincoln County, Kanawha County and Boone County Boundaries, said point having a latitude of N 38° 12' 33" and longitude of W 81° 50' 00", Thence approximately 106,100 feet in a Southwesterly direction running with the Lincoln County and Boone County Boundary to a point on said boundary having a latitude of N 38° 05' 00" and longitude of W 81° 57' 50", said point also being the Northeast corner of the Logan County Public Service District Boundary; Thence, following a straight line due West along the Northern Boundary of the Logan County Public Service District approximately 33,790 feet to a point having a latitude of N 38° 05' 00" and longitude of W 82° 05' 00"; said Point also being the South East corner of the Branchland-Midkiff Public Service District Boundary; Thence, following a straight line due North along the Eastern Boundary of the Branchland-Midkiff Public Service District approximately 10,900 feet to a point in the Boundary of the Laurel Hill and Jefferson Magisterial Districts said

point having a latitude of N 38° 06' 47" and longitude of W 82° 05' 00"; Thence approximately 16,800 feet in a Northwesterly direction running with the Jefferson and Laurel Hill Magisterial Districts Boundary to a point of Intersection of the Jefferson, Laurel Hill and Union Magisterial District Boundaries, said point having a latitude of N 38° 08' 26", and a longitude of W 82° 06' 10", said line also being the Eastern Boundary of the Branchland-Midkiff Public Service District; Thence, approximately 28,000 feet in a Northwesterly direction along the Laurel Hill and Union Magisterial Districts Boundary to a point of Intersection of the Laurel Hill, Union and Sheridan Magisterial District Boundaries, said point having a latitude of N 38° 11' 38" and a longitude of W 82° 07' 38", said line also being the Eastern Boundary of the Branchland-Midkiff Public Service District; Thence, approximately 6,200 feet in a Northwesterly direction along the Union and Sheridan Magisterial Districts Boundary to a point of Intersection of the Union, Sheridan and Carroll Magisterial District Boundaries, said point having a latitude of N 38° 12' 24" and a longitude of W 82° 08' 08", said line also being the boundary of the Branchland-Midkiff Public Service District; Thence, approximately 22,000 feet in a Northwesterly direction along the Sheridan and Carroll Magisterial Districts Boundary to a point in said Boundary having a latitude of N 38° 14' 30" and a longitude of W 82° 09' 20", said point also being the Northeast corner of the Branchland-Midkiff Public Service District Boundary; Thence, approximately 9000 feet in a Northeasterly direction along the Sheridan and Carroll Magisterial Districts Boundary to a point in said Boundary having a latitude of N 38° 15' 41" and a longitude of W 82° 08' 51", Thence in a straight line due East approximately 11,400 feet to a point having a latitude of N 38° 15' 41" and a

longitude of W 82° 06' 28", Thence N 56° 30' E approximately 20,000 feet to a point in the Putnam County and Lincoln County Boundary having a latitude of N 38° 17' 24" and a longitude of W 82° 02' 56", Thence, approximately 55,000 feet in an East to Northeasterly direction along the Putnam County and Lincoln County Boundary to a point which is the Intersection of the Lincoln County, Putnam County and Kanawha County Boundaries, having a latitude of N 38° 19' 33" and a longitude of 81° 54' 55", Thence, approximately 44,500 feet in an East to Southeasterly direction along the Lincoln County and Kanawha County Boundary to a point on the Lincoln County and Kanawha County Boundary having a latitude of N 38° 17' 10" and longitude of W 81° 48' 25", said point also being an Intersection of WV State Route No. 214 and the Big Coal River, Thence, approximately 5,600 feet in a Southerly direction along the Big Coal River leaving the Lincoln County and Kanawha County Boundary and being in Kanawha County, said line also being along the original Boundary of the Lincoln Public Service District to the Point of Beginning.

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 7TH DAY OF AUGUST, 1997 THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: LINCOLN PUBLIC SERVICE DISTRICT

THE FOLLOWING MOTION WAS OFFERED BY CHARLES MCCANN, COMMISSIONER :

TO RE-APPOINT JIM RYAN TO THE LINCOLN PUBLIC SERVICE DISTRICT BOARD OF DIRECTORS. TERM BEING JULY 1, 1997-JUNE 30, 2003.

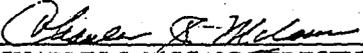
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

BY CHARLES MCCANN, COMMISSIONER, AND DULY SECONDED

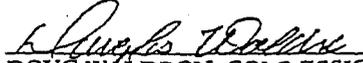
BY DOUG WALDRON, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.


CHARLES S. MCCANN, PRESIDENT


BUSTER STOWERS, COMMISSIONER


DOUG WALDRON, COMMISSIONER

AT A REGULAR SESSION OF THE LINCOLN COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 5TH DAY OF JULY, 2001 THE FOLLOWING ORDER WAS MADE AND ENTERED:

SUBJECT: LINCOLN PUBLIC SERVICE DISTRICT

THE FOLLOWING MOTION WAS OFFERED BY BUSTER STOWERS, COMMISSIONER

TO RE-APPOINT MURRELL MCKINNEY TO THE LINCOLN PUBLIC SERVICE DISTRICT AS A BOARD OF DIRECTOR. TERM BEING JULY 1, 2001 - JUNE 30, 2006.

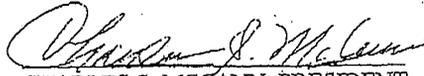
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

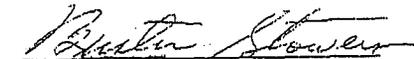
BY BUSTER STOWERS, COMMISSIONER AND DULY SECONDED

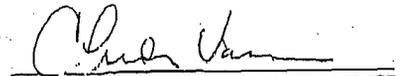
BY CHARLES VANCE, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
CHARLES VANCE	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED; AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.


 CHARLES S. MCCANN, PRESIDENT
 LINCOLN COUNTY COMMISSION


 BUSTER STOWERS, COMMISSIONER
 LINCOLN COUNTY COMMISSION


 CHARLES VANCE, COMMISSIONER
 LINCOLN COUNTY COMMISSION

AT A REGULAR SESSION OF THE LINCOLN COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 16TH DAY OF MAY, 2002 THE FOLLOWING ORDER WAS MADE AND ENTERED :

SUBJECT: LINCOLN PUBLIC SERVICE DISTRICT

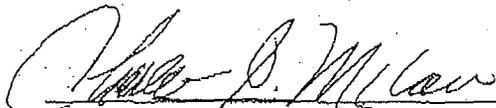
THE FOLLOWING MOTION WAS OFFERED BY CHARLES MCCANN, COMMISSIONER:

TO RE-APPOINT BILLY WRIGHT TO THE LINCOLN PUBLIC SERVICE DISTRICT AS A BOARD OF DIRECTOR MAKING THIS APPOINTMENT EFFECTIVE RETROACTIVE 07-01-99 - 06-30-2005. THIS ORDER IS TO REPLACE THE ORDER THAT WAS ADOPTED ON JULY 15, 1999, UPON THE MOTION BY DOUG WALDRON, COMMISSIONER.

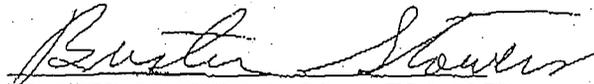
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED BY CHARLES MCCANN, COMMISSIONER AND DULY SECONDED BY BUSTER STOWERS, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
CHARLES VANCE	COMMISSIONER	ABSTAIN

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.



CHARLES S. MCCANN, PRESIDENT
LINCOLN COUNTY COMMISSION



BUSTER STOWERS, COMMISSIONER
LINCOLN COUNTY COMMISSION

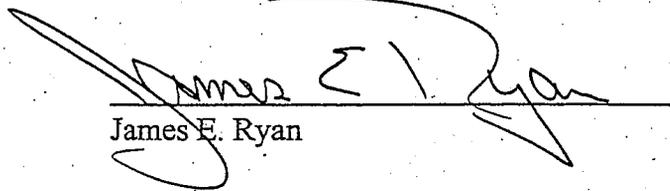
ABSTAIN
CHARLES VANCE, COMMISSIONER
LINCOLN COUNTY COMMISSION

State of West Virginia

County of Lincoln, to wit:

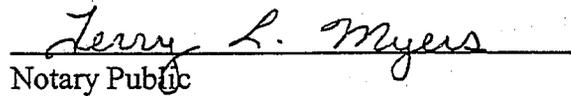
OATH OF OFFICE

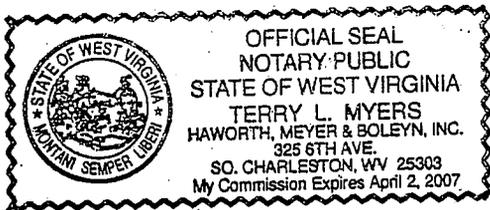
I, James E. Ryan, hereby swear and affirm that I will faithfully and loyally discharge my duties as a member of the Public Service Board of Lincoln Public Service District, Lincoln County, West Virginia, to the best of my ability, so help me God.


James E. Ryan

Signed before me by James E. Ryan this 28th day of December, 1998, in Lincoln County, West Virginia.

SEAL


Notary Public



April 2, 2007
My Commission Expires

State of West Virginia

County of Lincoln, to wit:

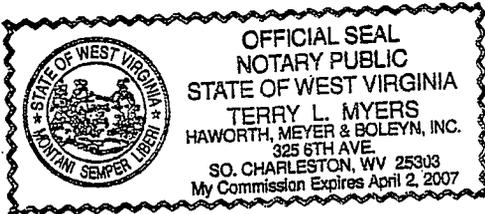
OATH OF OFFICE

I, Billy K. Wright, hereby swear and affirm that I will faithfully and loyally discharge my duties as a member of the Public Service Board of Lincoln Public Service District, Lincoln County, West Virginia, to the best of my ability, so help me God.

Billy K. Wright
Billy K. Wright

Signed before me by Billy K. Wright this 28th day of December, 1998, in Lincoln County, West Virginia.

SEAL



Terry L. Myers
Notary Public

April 2, 2007
My Commission Expires

State of West Virginia

County of Lincoln, to whit:

OATH OF OFFICE

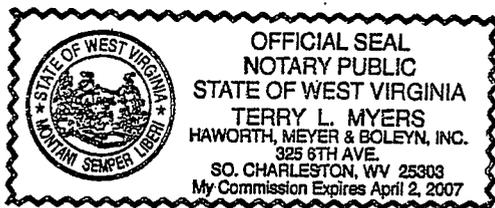
I, M.P. McKinney, do hereby swear and affirm that I will faithfully and loyally discharge my duties as a member of the Public Service Board of Lincoln Public Service District, Lincoln County, West Virginia, to the best of my ability, so help me God.

M.P. McKinney
M.P. McKinney

Signed before me by M.P. McKinney this 28th day of December, 1998, in Lincoln County, West Virginia.

SEAL

Terry L. Myers
Notary Public



April 2, 2007
My Commission Expires

RULES OF PROCEDURE

LINCOLN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: LINCOLN PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at the District's Water Plant on Little Coal River Road, Kanawha County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the Board, and such other information required under the Act.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the last Thursday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairperson or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice of each special meeting of the Board shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least three days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Section 4. The Board may hold a meeting without providing the notice to the public required by Section 10 of this Article only in the event of an emergency requiring immediate official action. The existence of such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attested to and made a part of the minutes of such emergency meeting.

Section 5. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended.

Section 6. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the West Virginia Code of 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

- (1) The date, time and place of the meeting;
- (2) The name of each Board member present and absent;
- (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
- (4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Section 7. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this section does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Section 8. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 9. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Sections 1-8 above.

Section 10. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. Regular Meetings. Immediately after adoption of these Rules of Procedure and in January of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post and leave posted throughout the year to which it applies, at the front door or bulletin board of the Lincoln County Courthouse and of the Kanawha County Courthouse, and at the front door or bulletin board of the place fixed for regular meetings of the Board a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the

Courthouses. and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front doors of the Lincoln County Courthouse and the Kanawha County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 72 hours before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the front door of the Courthouses and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special meeting may be generally as follows:

LINCOLN PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL MEETING

The Public Service Board of Lincoln Public Service District will meet in special session on _____, 20____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of \$ _____, to provide funds for construction of _____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairperson, a Secretary and a Treasurer. The Chairperson shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

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

vacancies shall serve until the following January meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

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

Section 2. If the Chairperson, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairperson, secretary or treasurer, as necessary, who shall have the powers of the absent officer during such period of absence.

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

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him or her and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. The Treasurer shall perform such other duties as may be required of him or her by law or as may be conferred upon him or her by the members of the Board, these Rules of Procedure or as prescribed by law.

ARTICLE VII

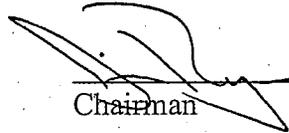
AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be

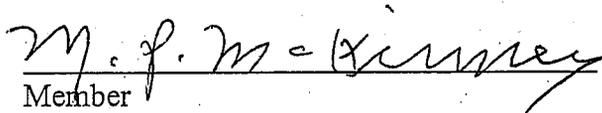
made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

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

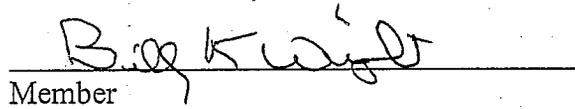
Adopted August 5, 2002.



Chairman



Member



Member

184605.3



CHARLESTON NEWSPAPERS

P.O. Box 2993
 Charleston, West Virginia 25330
 Billing 348-4898
 Classified 348-4848
 1-800-WVA-NEWS
 FEIN 55-0676079

INVOICE DATE	01/17/02
ACCOUNT NBR	043593001
SALES REP ID	0053
INVOICE NBR	903872001

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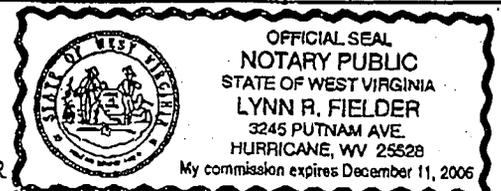
The Daily Mail is at a rate of \$.0825 per word, and the Charleston Gazette is at a rate of \$.0925 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION	AD NUMBER	AD SIZE	RATE	GROSS AMOUNT	NET AMOUNT
01/09	LEGF	GZ	1-0363-PWD-19A	L553791	4X0538			
			903872001		21.52	5.82	125.27	125.27
01/16	LEGR	GZ	1-0363-PWD-19A		4X0538			
			903872002		21.52	5.82	125.27	125.27
			LEGAL DISCOUNT 25%				31.32-	93.95
			TOTAL INVOICE AMOUNT					219.22

State of West Virginia,

AFFIDAVIT OF PUBLICATION

I, Sandra Legy of



THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER

published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of

1-0363-PWD-19A

was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County, West Virginia, on the 10TH day of JANUARY 2002. Published during the following dates: 01/09/02-01/16/02

Subscribed and sworn to before me this 18 day of January

Printers fee \$ 219.22

Lynn R. Fielder
 Notary Public of Kanawha County, West Virginia

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA - CHARLESTON

TARIFF FORM NO. 19
NOTICE OF APPLICATION TO CHANGE WATER RATES AND CHARGES AND NOTICE OF HEARING
CASE NO. 01-003-PWD-19A
LINCOLN PUBLIC SERVICE DISTRICT

On March 15, 2001, Lincoln Public Service District filed an application, pursuant to Rule 19-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle, to increase its water rates and charges; requested a waiver of Rule 22 filing requirements; an interim rate increase to be determined by the Commission; and approval of a loan from the West Virginia Water Development Authority.

In an Order dated May 4, 2001, the Commission granted the District's request for a waiver of the Rule 22 filing requirements and approved an across-the-board interim increase of 6% subject to refund, if the finally approved rates are less than the interim rates. Commission Staff has reviewed the application and recommended a 6.7% across-the-board increase to the District's interim rates previously approved in this case. The Lincoln Public Service District's present interim and Staff-recommended rates are as follows:

APPLICABILITY
 Applicable in entire territory served.

AVAILABILITY OF SERVICE
 Available for all residential, commercial and industrial service.

RATES

	Present	Staff Recommended
	(Per Month)	(Per 1,000 gals.)
First	\$6.62	\$7.73
Next	\$6.37	\$7.43
Next	\$6.82	\$6.79
Next	\$6.38	\$6.28
Next	\$4.67	\$5.45
All Over	\$3.50	\$4.08

MINIMUM MONTHLY CHARGES

58"	meter	\$21.19
24"	meter	\$23.80
1"	meter	\$49.00
1-1/2"	meter	\$115.00
2"	meter	\$109.50
2-1/2"	meter	\$200.50
3"	meter	\$270.50
3-1/2"	meter	\$370.50
4"	meter	\$470.50

Any person affected by this rate change has the right to protest or to be heard as to why the change should not be allowed, either wholly or in part. Anyone desiring to protest the changed rates and charges must do so, in writing, within ten (10) days after the publication of this notice. All protests should be addressed to the Executive Secretary, Public Service Commission of West Virginia, P.O. Box 812, Charleston, West Virginia, 25323.

A hearing has been scheduled on this application to be held at the Midway Building, Room 214, Corridor 16, Alton Creek, West Virginia, on February 13, 2002 at 4:30 p.m. Anyone wishing to protest the rate application must appear in person, or voice their protest.

LINCOLN PUBLIC SERVICE DISTRICT (553791)

THE LINCOLN JOURNAL INC.

Publishers Of: The Lincoln Journal / The Weekly News Sentinel / The Lincoln Times

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, to wit:

I, THOMAS A ROBINSON, Publisher, being duly sworn upon my oath do depose and say that I am proprietor of the entitles:

The Lincoln Journal and *The Weekly News Sentinel* two separate newspapers, both being a weekly newspaper; plus our internet site www.lincolnjournal.com where your legal advertisement appeared at no extra cost to you; that such papers have been published for more than one year prior to publication of the annexed notice described below; that such newspapers are regularly published weekly, for at least fifty weeks during the calendar year, the Municipality of Hamlin, Lincoln County, West Virginia; that such newspapers are newspapers of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspapers average in length of four or more pages, exclusive of any cover, per issue; that such newspapers are circulated to the general public at a definite price or consideration; that such newspapers are newspapers to which the general public resorts for posting of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

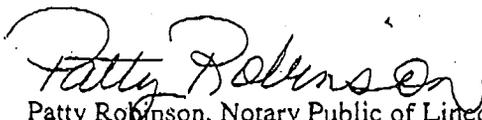
Notice Of Application To Change Water Rates & Charges

was duly published in said newspapers once a week for two weeks (Class II), commencing with the issue of 9th day of January and ending with the issue of the 16th day of January 2002, (and was posted at the _____ on the day _____ 2002); that said annexed notice was published on the following dates: January 9 & 16, 2002 and the cost of publishing the annexed notice as aforesaid was \$315.32.

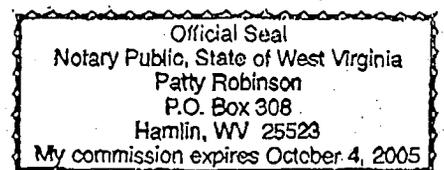


Thomas A Robinson, Publisher

Taken, subscribed and sworn before me in my said county this 16th day of January 2002.
My commission expires October 4, 2005.



Patty Robinson, Notary Public of Lincoln County, West Virginia.



Legal Advertisements

Legal Advertisement

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
TARIFF FORM NO. 10
NOTICE OF APPLICATION TO CHANGE WATER RATES AND CHARGES
AND NOTICE OF HEARING
(Tariff Rule 19-A)
CASE NO. 01-0363-PWD-18A
LINCOLN PUBLIC SERVICE DISTRICT

On March 15, 2001, Lincoln Public Service District filed an application pursuant to Rule 19-A of the Commission's Rules and Regulations for the Government of Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle, to increase its water rates and charges; requested a waiver of Rule 42 filing requirements; an interim rate increase to be determined by the Commission; and approval of a loan from the West Virginia Water Development Authority.

In an Order dated May 4, 2001, the Commission granted the District's request for a waiver of the Rule 42 filing requirements and approved an across-the-board interim increase of 8%; subject to refund, if the finally approved rates are less than the interim rate Commission Staff has reviewed the application and recommended a 16.7% across-the-board increase to the District's interim rates previously approved in this case. The Lincoln Public Service District's present interim and Staff-recommended rates are as follows:

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY OF SERVICE
Available for all residential, commercial and industrial service.

RATES

	Present	Staff-Recommended
(Per Month)		(Per 1,000 gals.)
First 3,000 gallons	\$8.62	\$7.73
Next 3,000 gallons	\$6.37	\$7.43
Next 4,000 gallons	\$5.82	\$6.79
Next 10,000 gallons	\$9.38	\$6.28
Next 30,000 gallons	\$4.67	\$5.45
Next 50,000 gallons	\$3.50	\$4.08

MINIMUM MONTHLY CHARGES
(Per Month)

5/8" meter	\$ 19.88	\$ 23.19
3/4" meter	\$ 29.80	\$ 34.80
1" meter	\$ 49.65	\$ 58.00
1-1/2" meter	\$ 99.30	\$ 115.95
2" meter	\$158.90	\$ 185.55
3" meter	\$297.90	\$ 347.85
4" meter	\$496.50	\$ 579.75
6" meter	\$993.00	\$1,159.50

Any person affected by this rate change has the right to protest or to be heard as to why the change should not be allowed, either wholly or in part. Anyone desiring to protest the changed rates and charges must do so, in writing, within ten (10) days after publication of this notice. All protests should be addressed to the Executive Secretary, Public Service Commission of West Virginia, P. O. Box 812, Charleston, West Virginia 25323.

A hearing has been scheduled on this application to be held at the **Midway Elementary School, Route 214, Corridor G, Alum Creek, West Virginia, on February 28, 2002, 6:30 p.m.** Anyone wishing to protest the rate application must appear, in person, to vote their protest.

LINCOLN PUBLIC SERVICE DISTRICT
2/1-17-02

Legal Advertisement

NOTICE TO TAXPAYERS
In accordance with Chapter 11, Article 3, Section 2A of the WV Code, I am herewith notifying you that your current Real or Personal Property Assessment for the forthcoming year may increase by 10% or more.

If you believe an adjustment in the assessed value is necessary, you should contact the County Commission sitting as a Board of Review and Equalization.

The Board of Review and Equalization will meet on February 1, 6, 8, 11, 13 and 15, 2002.

Jerry A. Weaver
ASSESSOR OF LINCOLN COUNTY
2/1-24-02

Legal Advertisement

NOTICE OF TRUSTEE SALE
Pursuant to the authority vested in the undersigned by deed of trust dated the 12th of October, 2000, signed by Billy G. Dotson and Rose M. Dotson, husband and wife, to David P. Pili, Trustee, which said deed of trust is of record in the Office of the Clerk of the County Commission of Lincoln County, West Virginia, in Trust Deed Book 138, at page 150, and the undersigned, R. Vance Golden, III, Trustee having been requested so to do by the Lender, and default having been made under the terms and conditions of said deed of trust, and the provisions in said deed of trust concerning acceleration having been complied with by the Lender and present holder of the note, said Trustee will sell at public auction at 4:15 o'clock, p.m. on the **23rd DAY OF JANUARY, 2002** at the front doors of the Courthouse in Lincoln County, West Virginia, the following real estate located and being situate in the District of Union, County of Lincoln and State of West Virginia, more particularly described as follows:

Beginning at a rail set in the right of way of the old county road, which rail bears N 34 degrees E 4 425.7

Legal Advertisement

NOTICE OF TRUSTEE SALE
Pursuant to the authority vested in the undersigned by deed of trust dated the 31st day of March, 1999 signed by Christopher Lacy Maynard and Farrah Finley Maynard, Joint Tenants With Right of Survivorship, to John Ballengee, Trustee, which said deed of trust is of record in the Office of the Clerk of the County Commission of Lincoln County, West Virginia, in Trust Deed Book 134, at page 362, re-recorded in Trust Deed Book 134 at page 362, and the undersigned, R. Vance Golden, III, Trustee having been requested so to do by the Lender, and default having been made under the terms and conditions of said deed of trust, and the provisions in said deed of trust concerning acceleration having been complied with by the Lender and present holder of the note, said Trustee will sell at public auction at 4:45 o'clock, p.m. on the **22nd DAY OF JANUARY 2001** at the front doors of the Courthouse in Lincoln County, West Virginia the following real estate located and being situate in the District of Duval, County of Lincoln, and State of West Virginia, more particularly described as follows:

Dated this 9th day of January, 2002.

Donald C. Whitten,
Clerk, Lincoln County Commission
Shelly Adkins,
Deputy Clerk

Legal Advertisement

NOTICE OF TRUSTEE SALE
Pursuant to the authority vested in the undersigned by deed of trust dated the 31st day of March, 1999 signed by Christopher Lacy Maynard and Farrah Finley Maynard, Joint Tenants With Right of Survivorship, to John Ballengee, Trustee, which said deed of trust is of record in the Office of the Clerk of the County Commission of Lincoln County, West Virginia, in Trust Deed Book 134, at page 362, re-recorded in Trust Deed Book 134 at page 362, and the undersigned, R. Vance Golden, III, Trustee having been requested so to do by the Lender, and default having been made under the terms and conditions of said deed of trust, and the provisions in said deed of trust concerning acceleration having been complied with by the Lender and present holder of the note, said Trustee will sell at public auction at 4:45 o'clock, p.m. on the **22nd DAY OF JANUARY 2001** at the front doors of the Courthouse in Lincoln County, West Virginia the following real estate located and being situate in the District of Duval, County of Lincoln, and State of West Virginia, more particularly described as follows:

Dated this 9th day of January, 2002.

Donald C. Whitten,
Clerk, Lincoln County Commission
Shelly Adkins,
Deputy Clerk

Legal Advertisement

NOTICE OF ESTATE FILINGS
I have before me the following estate filing:
Deceased: Carl A. Lawson
Fiduciary: Laura Marie Lawson
Address: 6437 State Rt. 34, Culloden, WV 25521
The fiduciary presented a will before the Lincoln County Clerk for probate. If there is anyone who objects to this appointment, or the validity of the will, you must appear before the Lincoln County Commission within 90 days from the first publication of this notice.

Dated this 10th day of January, 2002.

Donald C. Whitten,
Clerk, Lincoln County Commission
Shelly Adkins,
Deputy Clerk

Legal Advertisement

NOTICE OF ESTATE FILINGS
I have before me the following estate filing:
Deceased: Thrussel Winters
Fiduciary: Linda M. Donahue
Address: 330 Peyton Br. Rd., Branchland, WV 25508

Legal Advertisement

The above mentioned fiduciary was appointed as Administrator with no will. They appeared before the Clerk of the Lincoln County Commission with bond. If there is anyone who objects to the appointment, you must appear before the Lincoln County Commission within 90 days from the first publication of this notice.

Dated this 9th day of January, 2002.

Donald C. Whitten,
Clerk, Lincoln County Commission
Shelly Adkins,
Deputy Clerk

1x2"

Means 1 column
x 2 inches. Too
small for an ad to
be noticed or
effective? You just
read this one.

Legal Advertisement

NOTICE OF ESTATE FILINGS
I have before me the following estate filing:
Deceased: Forrest Cassidy Bias
Fiduciary: Maxine Bias
Address: 8158 Dingess Ave., Hamlin, WV 25523
The fiduciary presented a will before the Lincoln County Clerk for probate. If there is anyone who objects to this appointment, or the validity of the will, you must appear before the Lincoln County Commission within 90 days from the first publication of this notice.

APR-11-2002 16:11

LINCOLN PUBLIC SERVICE DISTRICT

BOARD MEETING MINUTES

Board meeting 04-25-02

7:30 p.m.

1. Preliminaries - none

2. Call Meeting to Order: Chair

3. Roll Call Murrel McKinney _____, James Ryan X , Bill Wright X

Motion to appoint James Ryan Interim Chairman, Billy Wright made the motion with a second from James Ryan, All voted yes.

4. Public requests to be on agenda

a. Harold Johnson: Mr. Johnson and four other families at the intersection of Cobb's Creek and Route 214 want water. I have completed a 5.5 extension estimate for all parties to review. I have informed Mr. Johnson that we have two other extensions to complete before we can install his line. A motion to enter into an 5.5 agreement with these families.

Billy Wright made the motion to provide water to these five families at Cobb's Creek and Route 214, with a second from James Ryan, all voted yes.

5. Public Comment

Mr. Bryant Bowman stated that he was not pleased with the wording that Susan Riggs (District's Attorney) had written in her response. He also stated that he was waiting on some spreadsheets from our Accountant. The District gave him a copy of February's outstanding bills at his request.

There was some conversation relative to giving the District over to WV American Water.

6. Minutes from March Meeting

a. Motion to accept minutes: Billy Wright made motion, second by James Ryan, all voted yes.

7. Finance Report:

a. Motion to pay Bills : James Ryan made motion, second by Billy Wright, all voted yes.

8. Unfinished Business:

a. Pine Grove/Priestly Ridge:

- The surveyors have completed an open traverse of the pipeline alignment through the properties owned by David McCormick, Preston Brown, and Fork Creek Coal Company. Upon completion of the Metes & Bounds I will meet with each owner to sign easement agreements.
- The residents of Maple Glen subdivision will be meeting here with me on the night May 7th at 6:00 pm to sign user agreements. This area will be added onto the project as a deductive alternate.
- Susan Riggs and I had concerns about some of the language in the Contract (Cooperation and Grant Coordination Agreement). We are still working with Region II on the Contract. Once the parties agree on the language it will be presented to the County Commission and then the PSD Board.
- We are still working on obtaining the required easements for the project.

b. Garrett's Bend:

- We are down to two easements and one condemnation. I need a motion to proceed with the commendation of Charles and Sue Harper, located on Whispering Pines Road.

James Ryan made the Motion to proceed with condemnation of the Harper property, second by Billy Wright, all voted yes.
- There were about ten residents that we had not made contact with on the project. We have now contacted everyone, none of these last homes want the water. The total is still 143.

c. Alkol Phase I:

- I met with HMB last week to go over the plans. I must tell you that I was upset with their progress. The plans are not as far along as I was led to believe. HMB has been notified that payment from the closing of the Garrett's Bend Loan will be withheld until the plans are complete.

d. Water Treatment Plant and Distribution System Improvements and 19A Rate Case:

- The PSC approved the 16.7% increase in our rates and approved the \$21,000 loan from Lincoln EDA Friday afternoon. Hopefully the Final Order will be out soon.
- Plans and specifications have been approved by the WV Health Department. HMB will be advertising the Sod Pump Station upgrade and the Electrical Controls next week.
- Charlie and I already have the quotes for the miscellaneous upgrade items here at the plant and for the Starlight Pump Station.

e. Alkol Phase II:

- The mapping is complete and the sheet layout will be completed this week. HMB has been informed that the District expects to have a copy of said base sheets by next week.

f. Sugar Tree Water line Extension:

- The ad for Engineers will be in next weeks paper. I have already met with Pat Rawlings from QK4 Engineers and will be meeting with Greg Herrick on Thursday the 25th.

g. County Wide Water Plan:

- I am working on the Map for the committee which will have all the existing and proposed water systems for the county. All the systems have given me their drawings that show their existing and proposed lines. We have already had one meeting at the Midway Grade School to promote the plan.

9. New Business:

- a.** Motion to sign Resolution for draw down of funds from the Lincoln EDA loan.
Motion by Billy Wright, second by James Ryan, all voted yes.

Motion for second drawdown resolution made by James Ryan, second by Billy Wright, all voted yes.

b. Motion to sign Resolution for draw down of \$7,300 on the Design loan with WVIJDC.
For work completed by Design Tech, LLC

Motion by Billy Wright, second by James Ryan, all voted yes.

c. Motion to advertise for Engineers for the Alum Creek Sanitary Sewer Collection
System and Wastewater Treatment Plant.

Motion by Billy Wright, second by James Ryan, all voted yes.

d. Motion to advertise for Engineers for the Route 3, Griffithsville to Hamlin Waterline
Extension Project.

Motion by Billy Wright, second by James Ryan, all voted yes.

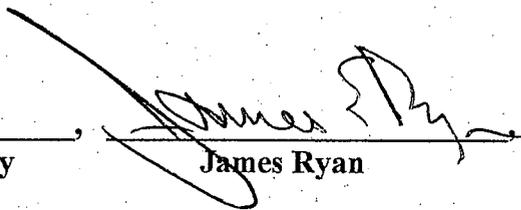
e. I attended a Planning Commission Meeting last Thursday night at the court house. E.
L. Robinson Engineers is working on a county wide land use plan, which will include
infrastructure needs as well as existing facilities. Mr. Randall Lewis met with me on
Tuesday of this week to compile all the information I have on the Counties existing and
proposed water and sewer.

10. **Announcements:** None

11. **Motion to Adjourn**

Motion by Billy Wright, second by James Ryan, all voted yes.

Murrel McKinney



James Ryan



Bill Wright

Present: Bill Wright, Jim Ryan, Terry Myers, Sharon Ryan

Visitors: Susan Riggs & Grant Shuman from Spilman Thomas & Battle; Pine Grove/Priestley Ridge delegation; Garretts Bend Delegation; Bob Adkins; Gary McMellon.

Jim Ryan called meeting to order in Murrel's absence, thanked everyone for coming and hoped it would be a productive meeting. Mr. McKinney unable to attend due to illness. Bill made motion for Jim to act as chairman, Jim second.

Roll call 7:30 PM

PUBLIC COMMENTS

Jonathan Eskew asked for status report on Garretts Bend project. Terry stated there will be a hearing on 28th of February, after the hearing we will be able to put the job out for bids. Jonathan asked for the purpose of the 28th hearing. Terry responded it was for public opinion. Judge will make a decision based on evidence presented.

Asked if Priestley Ridge project was still on schedule for 2003. Answered yes. Meeting scheduled for February 15 with funding agency. All engineers, accountants, attorneys will give a schedule for their work to be finished. Engineer will have plans ready for that meeting. We will do a pre-file possibly in March. Question was asked about the amount of water the mine would be using. Answered at full capacity it would be 80,000 gallons a day. Residents wanted to know how much the tap fee would be and if payments could be made. Were told it would be based on LPSD's tariff, which is \$250.00, and payments could be made as long as the balance is paid before construction starts. There will be a public meeting on a Saturday for user-agreement sign ups and payments. Will need ~~250~~ signers before construction. Question asked about distances for fire hydrants. Answered there will be no structure more than 1000' from hydrant. Question asked if someone wanted a hydrant at their house, could they get one. Answered if after the job is finished, they were willing to pay for a hydrant, the district would install it. The cost this way would be less than having the construction company install the hydrant, since you would only be paying for materials. Also, you would not get a better break from the insurance if a hydrant is closer 1000'. Plans will be available for viewing at the sign up meeting.

Jim made motion to accept minutes from December meeting, Bill second.

Jim made motion to pay bills, second by Bill. Sharon reported \$110,000.00 in unpaid bills for the month.

OLD BUSINESS

Terry stated he met with engineers last week concerning Pine Grove/Priestley Ridge. He spent some time out there before the meeting. He found some people who had not been included in plans, but now they are. In particular the junk yard and three families. Unless you are a mile from the road, you will get service. We are going up most of the little roads. Asked if we were going to put water into Mr. Huffman's development. Answer, we do not put pipe in developments, we will put a 6" stub for him to tap onto. We will have 8" line and plenty of supply for expansions. Mr. Huffman questioned the sub-division policy. He felt the sub-division was being discriminated against. They also stated they did not have a home owners organization, so they legally are not a sub-division. They also asked the difference between the four or five houses on the other side of the ridge and the four or five houses on their side of the ridge. It was explained the PSC does not want the District to lay line, spend a lot of money, when the developer stands to earn money from the project. Susan Riggs explained the project has to be cost-effective. You have a certain dollar amount for the Pine Grove/ Priestley Ridge project and laid out lines based on existing homes and least cost per customer. We can only go where there are existing customer. Mr. Huffman said all the lots were sold and the cost of city water was not included in the price. They were told the scope of the project could not be changed at this point. When the project was set up, it did not include the sub-division, but if money is left, it could be considered. After much discussion over who is to pay for the lines in the sub-division, they were informed the board would take it under advisement, do research, talk with PSC, attorney and funding agency to find which the direction the district should go.

Sue Priestley asked about buying a tap for future use. She was told you can but you will have to pay the tap fee plus a minimum bill even if water is not being used. Also was told an empty lot does not count, a house must be under construction, and there would be no advantage for this type sign up Sue asked where the line would start and stop. She was told the line starts south of the mine entrance and north of Pine Grove Rd. and ends on the other end of Pine Grove/Priestley Ridge at the Corridor. The project will take about 6 months to complete after construction starts. Asked about plans for sewer. We have checked into it, but it would be years before anything develops.

PSC staff has recommended Feb. 28th at 6:30 PM for the Garretts Bend hearing at Midway Elementary School. Nothing can be done until after the hearing.

Engineers are working on final plans for Alkol Phase I.

PSC staff has recommended the District be approved for the WDA loan. Hearing date is Feb. 28 at 6:30 PM, Midway Elementary School.

NEW BUSINESS

Susan Riggs made one change in Rules of Procedure, you need to post notice of regular meetings at the Kanawha County Court House as well as the Lincoln County Court House and front door of meeting place. Bill made motion to adopt the Rules, Jim second.

Jim made motion to retain Murrel as Chairman of the Board, Bill second. Bill made motion, second by Jim, that Sharon be the Secretary/Treasurer.

Bids on dump truck and S-10 were opened at 4:00 PM today. The highest bid for the S-10 was \$4,050.00 from Lenzy Brewster. The highest bid for the dump truck was \$1,522.11 from Larry Owen. Terry suggested we take the amount for both sales and pay off the balance of the S-10 truck. Bob Adkins questioned the time of the opening of bids, he was told it was advertised in the paper for 4:00 PM and Mr. Lenzy was there. Bob was also informed his bid on the computer was received, but the computer had not been advertised and could not be considered. Bob stated, Terry had said the computer would be sold at the same time as the dump truck. Terry told him the computer would have to be advertised for bids before it could be sold. Jim made motion to accept bids, second by Bill.

Bill made motion, second by Jim, to sign Form 465-I "Request for Partial Release, Subordination or Consent" for Garretts Bend Project.

Bob asked where the computer is and was told it was in the closet.

Next Meeting will be February 21st because the PSC hearing is scheduled for the 28th.

Bill made motion to adjourn, second by Jim 8:25 PM

M. P. McKinney _____ *James E. Rye* _____

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF RULES OF PROCEDURE,
BOND RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Lincoln Public Service District hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of said Public Service Board:

The Public Service Board of Lincoln Public Service District met in special session, pursuant to notice duly posted, on the 5th day of August, 2002, in Alum Creek, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Billy K. Wright	-	Member
	James E. Ryan	-	Acting Chairman and Member
	Sharon Ryan	-	Secretary/Treasurer

ABSENT: None.

James E. Ryan, Acting Chairman, presided, and Sharon Ryan acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT, FUNDING OF THE RESERVE ACCOUNT OF THE SERIES 1975 BONDS OUTSTANDING, PURCHASING EQUIPMENT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$580,429 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN \$121,522 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF LINCOLN COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN

AGREEMENTS RELATING TO SUCH BONDS AND THE
SALE AND DELIVERY OF SUCH BONDS TO THE
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY;
DESIGNATING A REGISTRAR, PAYING AGENT AND
DEPOSITORY BANK; AND MAKING OTHER PROVISIONS
AS TO THE BONDS.

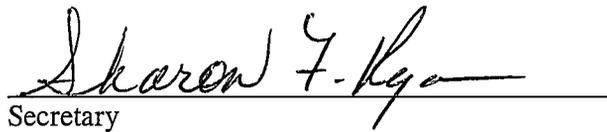
and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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

CERTIFICATION

I hereby certify that the foregoing action of Lincoln Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 6th day of August, 2002.


Secretary

07/30/02
523780.00001

FILE COPY

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

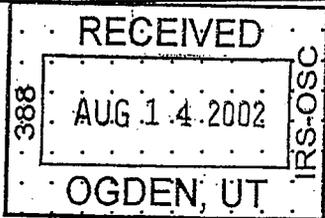
Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)
See separate instructions.
Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Lincoln Public Service District	2 Issuer's employer identification number 55 0476913001		
3 Number and street (or P.O. box if mail is not delivered to street address) Post Office Box 38	Room/suite	4 Report number 3 2002-1	
5 City, town, or post office, state, and ZIP code Alum Creek, West Virginia 25003		6 Date of issue August 6, 2002	
7 Name of issue Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority)		8 CUSIP number N/A	
9 Name and title of officer or legal representative whom the IRS may call for more information Terry Myers, General Manager		10 Telephone number of officer or legal representative (304) 756.2141	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule		11	
11 <input type="checkbox"/> Education		12	
12 <input type="checkbox"/> Health and hospital		13	
13 <input type="checkbox"/> Transportation		14	
14 <input type="checkbox"/> Public safety		15	580,429
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)		16	
16 <input type="checkbox"/> Housing		17	
17 <input type="checkbox"/> Utilities		18	
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/>			
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			



Part III Description of Obligations. Complete for the entire issue for which this form is being filed.				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 10-01-2039	\$ 580,429	\$ 36,331	25.157 years	5.8007022 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22 Proceeds used for accrued interest	22			-0-
23 Issue price of entire issue (enter amount from line 21, column (b))	23			580,429
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	31,358.75		
25 Proceeds used for credit enhancement	25	-0-		
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27 Proceeds used to currently refund prior issues	27	-0-		
28 Proceeds used to advance refund prior issues	28	-0-		
29 Total (add lines 24 through 28)	29			31,358.75
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30			549,070.25

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33 Enter the last date on which the refunded bonds will be called	N/A
34 Enter the date(s) the refunded bonds were issued	N/A

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 N/A
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a N/A
b Enter the final maturity date of the guaranteed investment contract	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a N/A
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input checked="" type="checkbox"/> and enter the name of the issuer West Virginia Water Development Authority and the date of the issue June 15, 1999	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

James E. Ryan **James E. Ryan, Acting Chairman**

Signature of issuer's authorized representative Date: **August 26, 2002** Type or print name and title

WV MUNICIPAL BOND COMMISSION

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

NEW ISSUE REPORT FORM

Date of Report: August 6, 2002

(See Reverse for Instructions)

ISSUE: Lincoln Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority)

ADDRESS: Post Office Box 38, Alum Creek, West Virginia 25003 COUNTY: Lincoln

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

ISSUE DATE: August 6, 2002 CLOSING DATE: August 6, 2002

ISSUE AMOUNT: \$ 580,429 RATE: 5.8 %

1ST DEBT SERVICE DUE: October 1, 2002 1ST PRINCIPAL DUE: October 1, 2003

1ST DEBT SERVICE AMOUNT: \$ 5,143.25 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Step toe & Johnson PLLC
 Contact Person: Vincent A. Collins, Esq.
 Phone: (304) 624-8161

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

CLOSING BANK: Community Trust of West Virginia N.A
 Contact Person: Judy
 Phone: (304) 756-3317

ESCROW TRUSTEE: _____
 Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: Terry Myers
 Position: General Manager
 Phone: (304) 756-2141

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

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

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

NOTES: _____

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

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

NEW ISSUE REPORT FORM

Date of Report: August 6, 2002

(See Reverse for Instructions)

ISSUE: Lincoln Public Service District Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority)

ADDRESS: Post Office Box 38, Alum Creek, West Virginia 25003 COUNTY: Lincoln

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

ISSUE DATE: August 6, 2002 CLOSING DATE: August 6, 2002

ISSUE AMOUNT: \$ 121,522 RATE: 5.8 %

1ST DEBT SERVICE DUE: October 1, 2002 1ST PRINCIPAL DUE: October 1, 2003

1ST DEBT SERVICE AMOUNT: \$ 1,076.82 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Step toe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: (304) 624-8161

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

CLOSING BANK: Community Trust of West Virginia N.A
Contact Person: Judy
Phone: (304) 756-3317

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Terry Myers
Position: General Manager
Phone: (304) 756-2141

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

DEPOSITS TO MBC AT CLOSE:
By: x Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
x Other: \$62,220 for funding Series 1975 Bonds Reserve Account

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

NOTES: _____

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

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

NEW ISSUE REPORT FORM

Date of Report: August 6, 2002

(See Reverse for Instructions)

ISSUE: Lincoln Public Service District Water Revenue Design Bond, Series 1998 (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 38, Alum Creek, West Virginia 25003 COUNTY: Lincoln

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

ISSUE DATE: December 29, 1998 CLOSING DATE: December 29, 1998

ISSUE AMOUNT: \$ 198,016 RATE: 0 %; 3% Admin. Fee

1ST DEBT SERVICE DUE: April 1, 1999 1ST PRINCIPAL DUE: April 1, 1999

1ST DEBT SERVICE AMOUNT: \$ 428.46 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Step toe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: (304) 624-8161

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

CLOSING BANK: Community Trust Bank
Contact Person: Judy Conway
Phone: (304) 756-3317

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Terry Myers
Position: General Manager
Phone: (304) 756-2141

OTHER: Infrastructure Council
Contact Person: Katy Mallory
Function: Executive Secretary
Phone: (304) 558-4607

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

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

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

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

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

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

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

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

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

08/01/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

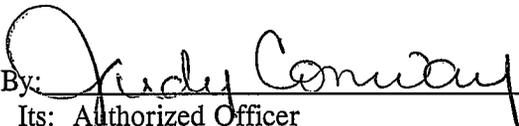
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Community Trust Bank, Alum Creek, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Lincoln Public Service District (the "Issuer"), adopted August 5, 2002, and a Supplemental Resolution of the Issuer adopted August 5, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), both dated August 6, 2002, in the principal amount of \$580,429 and \$121,522, respectively, (the "Series 2002 Bonds"), and agrees to serve as Depository Bank in connection with the Series 2002 Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 6th day of August, 2002.

COMMUNITY TRUST BANK

By: 
Its: Authorized Officer

07/30/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

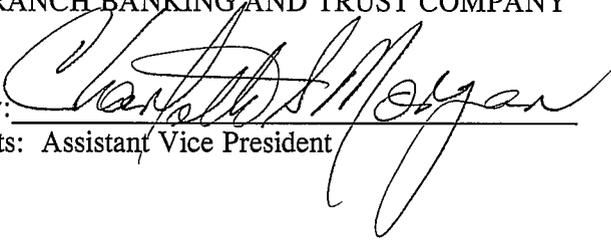
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2002 BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Lincoln Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, in the principal amount of \$580,429, and the Lincoln Public Service District Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, in the principal amount of \$121,522 (collectively, the "Series 2002 Bonds"), and agrees to perform all duties of Registrar in connection with such Series 2002 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2002 Bonds.

WITNESS my signature on this 6th day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

By: 

Its: Assistant Vice President

07/30/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

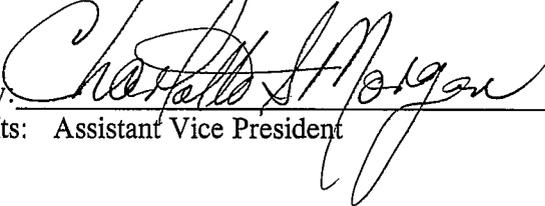
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF SERIES 2002 BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), of Lincoln Public Service District (the "Issuer"), hereby certify that on the day hereof, the single, fully registered Lincoln Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer, dated August 6, 2002, in the principal amount of \$580,429, numbered AR-1, and the single, fully registered Lincoln Public Service District Water Revenue Bond, Series 2002 B (West Virginia Water Development Authority), of the Issuer, dated August 6, 2002, in the principal amount of \$121,522, numbered BR-1, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 6th day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

By: 
Its: Assistant Vice President

07/30/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of August, 2002, by and between LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$580,429 Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), and \$121,522 Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), in fully registered forms (the "Series 2002 Bonds"), pursuant to a Bond Resolution of the Issuer adopted August 5, 2002, and a Supplemental Resolution of the Issuer adopted August 5, 2002 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2002 Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2002 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2002 Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Series 2002 Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Lincoln Public Service District
Post Office Box 38
Alum Creek, West Virginia 26003
Attention: Chairman

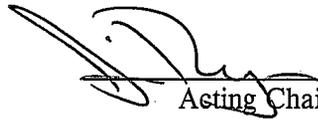
REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2002 Bonds in accordance with the Bond Legislation.

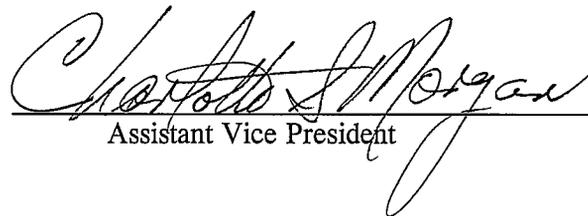
9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written above.

LINCOLN PUBLIC SERVICE DISTRICT


Acting Chairman

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

523780.00001

CH518915.1

EXHIBIT A

Bond Legislation included in transcript as Documents No. 1 and 2

SCHEDULE OF COMPENSATION

(See Attached)

August 6, 2002

Lincoln Public Service District
Attention: Chairman
Post Office Box 38
Alum Creek, WV 26003

RE: Invoice

LINCOLN PUBLIC SERVICE DISTRICT WATER REVENUE BONDS
SERIES 2002 A AND SERIES 2002 B (WV WDA)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND
AUTHENTICATING AGENT.....\$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326
Telephone: (304) 348-7239

LINCOLN PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2002 A
(West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority (the "Authority") hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of Lincoln Public Service District (the "Governmental Agency"), dated August 6, 2002, issued in the principal amount of \$580,429, numbered AR-1, standing in the name of the Authority on the books of registration of the Governmental Agency.

Dated this 6th day of August, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B. Meadows
Authorized Representative

08/01/02
000832/00697

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: THE BANK OF NEW YORK, Trustee

A. Name of Governmental Agency to which payment is to be made:
Lincoln Public Service District (the "Governmental Agency")

B. (i) Par amount: \$580,429
(ii) Total amount to be paid: \$580,429

C. Certification by West Virginia Water Development Authority (the
"Authority") for its Loan Program II.

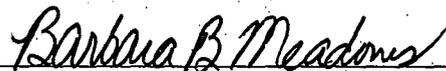
I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the Governmental Agency, dated as of August 6, 2002 (the "Loan Agreement"), the Governmental Agency has sold its Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) (the "Local Bonds"), to the Authority in the principal amount equal to the amount of the Loan set forth in (B) (i) above, that the Governmental Agency is obligated to make Local Bond Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that the Governmental Agency is not in default under any of the terms or provisions of the Loan Agreement.

I further certify that the Local Bond Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bonds, the proceeds of which were used to fund the Loan Obligations, as such interest and Principal Installments come due.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

Dated this 6th day of August, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative

07/31/02
000832/00697

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bond,
Series 1975.

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$1,056,000 WATER REVENUE BOND, SERIES 1975, OF LINCOLN PUBLIC SERVICE DISTRICT TO FINANCE PART OF THE COSTS OF CONSTRUCTION OF ADDITIONS TO ITS EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR FIXING AND COLLECTING RATES AND CHARGES FOR THE SERVICES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHT AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF LINCOLN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Lincoln Public Service District is a public service district created pursuant to said Article 13A.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Lincoln Public Service District (herein called the "District"), in Lincoln and Kanawha Counties, State of West Virginia, now has a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed and acquired additions, extensions and improvements for the existing waterworks of the District (such waterworks together with the Project and all future additions, extensions and improvements being herein collectively called the "System"), consisting of a new water intake, a new additional and supplemental water treatment plant, additional water distribution and transmission lines, one or more new water storage tanks

and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (herein called the "Board") of the District.

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$1,056,000 to finance part of the cost of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project as hereinafter defined is \$2,237,000, of which \$1,056,000 will be obtained from the proceeds of sale of the Bond herein authorized \$731,000 from a grant to the District by the Government, and \$450,000 from a grant to the District by United States Department of Housing and Urban Development.

(E) The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction and acquisition of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized by this resolution.

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

(G) There is outstanding a series of water revenue bonds of the District which will have priority over the Bond hereby authorized as to liens, pledge and source of and security for payment, as follows:

Water Revenue Bonds, dated September 1, 1963 (the "1963 Bonds"), now outstanding in the principal amount of \$135,000.

The Bond will be junior and subordinate as to liens, pledge and source of and security for payment, and in all other respects, to the 1963

Bonds outstanding and the interest thereon. Except for the 1963 Bonds and current expenses, the District does not have any outstanding Bonds or other obligations payable out of the revenues of the System.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction and acquisition of the Project, operation of the System and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Government, this resolution shall be deemed to be and shall constitute a contract between the District and the Government, and the covenants and agreements herein set forth to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the \$1,056,000 Water Revenue Bond, Series 1975, No. 1, originally authorized to be issued pursuant to this resolution.

"1963 Bonds" means the bonds of the District described in Section 1.02(G) above.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, or any qualified engineer or firm of

engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Lincoln Public Service District, of Lincoln and Kanawha Counties, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" or "water facilities" means all the facilities of the System and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto, and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration, and any governmental successor thereof.

"Herein" means in this resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the owner of the Bond.

"Net Revenues" means the balance of the gross revenues, as defined herein, remaining after deduction only of operating expenses, as defined herein.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" means the initial System, as described above in Section 1.02(B), to be constructed as herein provided and financed in part with the proceeds of sale of the Bond.

"1963 Resolution" means the resolution adopted June 5, 1964, providing for issuance of the 1963 Bonds.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"System" means the complete waterworks of the District, including all water facilities now owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks after completion of the acquisition and construction of the Project provided for herein.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1975" is hereby authorized to be issued in the principal amount of not exceeding One Million Fifty-Six Thousand Dollars (\$1,056,000) for the purpose of financing part of the costs of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and the corporate seal of the District shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith equally and ratably by a lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, both such liens being subordinate to such liens in favor of the 1963 Bonds outstanding. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due, subject to the pledge of such net revenues in favor of the 1963 Bonds.

Section 2.06. Form of Bond. Subject to the provisions of this resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1975

LINCOLN PUBLIC SERVICE DISTRICT

No. 1

\$1,056,000

Date: _____

FOR VALUE RECEIVED, LINCOLN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million Fifty-Six Thousand Dollars (\$1,056,000), plus interest on the unpaid principal balance at the rate of five per centum (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first 24 months after the date hereof, and \$5,185, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond

shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the

principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of improvements for the waterworks (herein, with all additions, called the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home

Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is junior and subordinate as to liens, pledge and source of and security for payment, and in all other respects, to the Waterworks Revenue Bonds of the Borrower dated September 1, 1963, now outstanding.

LINCOLN PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street
Address)

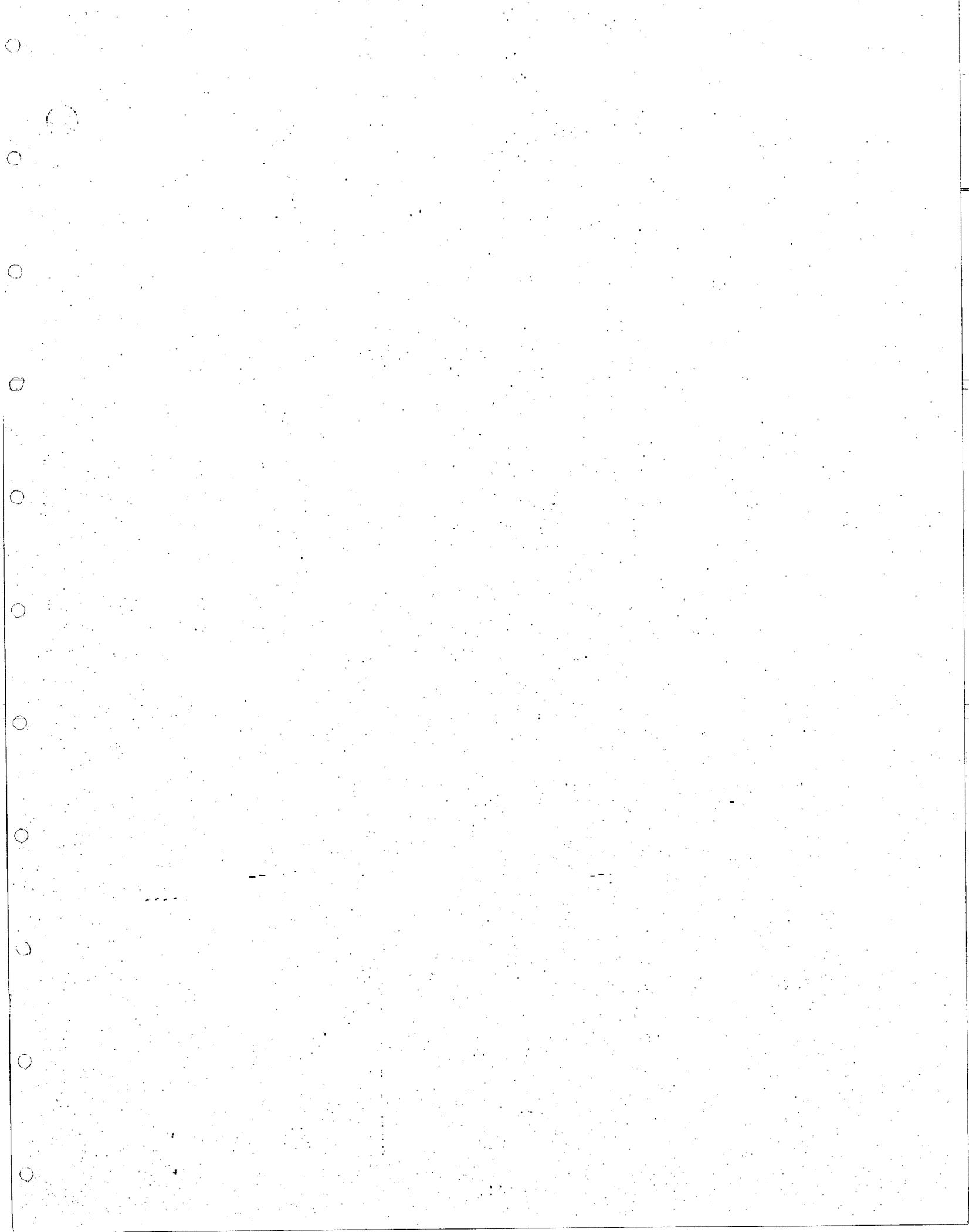
Alum Creek, West Virginia 25003
(City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)



RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL _____

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____
_____ (Title)

ARTICLE III
BOND PROCEEDS; REVENUES AND
APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond and all moneys received under any construction loan or grant, except as may otherwise be provided in this Section, shall be deposited on receipt by the District in First National Bank of West Hamlin, West Hamlin, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "Lincoln Public Service District Waterworks Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and transmit and pay to the National Finance Office, referred to in the Bond, such sums as shall be from time to time required to pay the monthly interest installments on the Bond as herein and in the Bond provided.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been

made, any balance remaining in the Project Construction Account shall be used in accordance with the Regulations of Farmers Home Administration or paid to said National Finance Office as a prepayment on the Bond, but the monthly installments provided in the Bond shall not be reduced as a result thereof.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, hereinafter established, a sum sufficient to pay the entire principal of the Bond remaining unpaid together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bond issued pursuant to this resolution as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund (herein called the "Revenue Fund") has heretofore been established with the aforesaid Bank pursuant to the 1963 Resolution. 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 District and used only for the purposes and in the manner provided in this resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all Current Operating Expenses.

(2) The District shall next each month, pay into the Sinking Fund, the Reserve Account in the Sinking Fund, and the Depreciation Account the amounts required to be paid in such Fund and Accounts pursuant to Section 3.02(B)(1), (2) and (3) of the 1963 Resolution.

(3) The District shall next, before the end of each month, transfer from the Revenue Fund and remit to the National Finance Office as designated in the Bond the amortization payment required by the Bond.

(4) The District shall next, each month, transfer from the Revenue Fund and deposit into the 1975 Reserve Account hereby established with said Bank one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the 1975 Reserve Account equals such maximum annual aggregate amount of interest and principal. After such amount has been accumulated in the 1975 Reserve Account, the District shall monthly deposit in the 1975 Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of the monthly amortization installment required, as shall be needed to maintain such amount in the 1975 Reserve Account. Moneys in the 1975 Reserve Account shall be used solely to make up any deficiency in the funds available to make the required monthly amortization installment payments or for mandatory prepayment of the Bond as hereinafter provided and for no other purpose.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein shall be transferred into the Depreciation Account so long as any 1963 Bonds are outstanding and thereafter may be used to prepay latest amortization installments on the Bond or for any lawful purpose.

Whenever the moneys in the 1975 Reserve Account shall be sufficient to prepay the remaining principal of the Bond and interest to the date of prepayment, it shall be the mandatory duty of the District, anything to the contrary in this resolution notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

All the funds provided for in this Section shall constitute trust funds insofar as the District and the Government are concerned,

but the said Bank shall not be a trustee as to such funds. Such funds shall be used only for the purposes and in the order provided herein, and until so used, the Government shall have a lien thereon for further securing payment of the Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the 1975 Reserve Account and the Depreciation Account shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would otherwise be required to be made into the funds or accounts on the subsequent payment dates.

The District shall keep the moneys in the 1975 Reserve Account and the Depreciation Account invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

(C) Initial Deposit in Revenue Fund. Prior to issuance of the Bond, the District shall have signed agreements with at least 720 bona fide users and shall collect a tap fee in the amount of \$15 from each new user, the aggregate sum of not less than \$10,800, which sum shall be used to establish the initial Revenue Fund.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the 1975 Reserve Account a sum sufficient to pay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Government.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce the net revenues required for the 1963 Bonds pursuant to the 1963 Resolution and, in addition thereto, equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the 1975 Reserve Account, as well as to pay all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional Bonds whatever, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant to this resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38; Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, 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 and shall take effect immediately upon the delivery of the Bond, and shall be subject to the prior lien in favor of the 1963 Bonds.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless

unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the

Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$ 2.83 per 1000 gallons
Next	3,000 gallons	2.73 per 1000 gallons
Next	4,000 gallons	2.50 per 1000 gallons
Next	10,000 gallons	2.30 per 1000 gallons
Next	30,000 gallons	2.00 per 1000 gallons
All over	50,000 gallons	1.50 per 1000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts, according to the size of meter installed:

5/8" x 3/4" Meter	\$ 8.50 per month
3/4" Meter	12.24 per month
1" Meter	21.76 per month
1 1/2" Meter	48.46 per month
2" Meter	87.04 per month
3" Meter	195.84 per month
4" Meter	348.16 per month
6" Meter	783.36 per month

TAP FEES

Tap fees will be \$15 before award of construction contract for the Project, and after such award, \$150 or actual cost, including materials and labor, whichever is greater.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 30 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within 60 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of \$15 have been paid.

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be provided with a master meter for the building. No bill shall be rendered for less than \$7.65 multiplied by the number of units served or the actual charge for the size of meter installed. Motels and hotels shall pay on the basis of size of meter installed.

House trailer (mobile and immobile types) courts and parks shall have one or more master meters of adequate size and shall pay \$7.65 multiplied by the number of units at the site on the date the meter is read or the actual charge for the master meter or meters installed, whichever is greater.

House trailers, mobile and immobile, on sites other than a park or court shall be billed as any other family or business unit.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the District or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. No allowance or adjustment in any bill for use of the service and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

G. The District shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

H. In case of emergency, the District shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the District.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions of this resolution and the District shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but never less than 110% of the annual amount required to amortize the principal of and interest on the Bond.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, or sooner, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerks of the County Commissions of said Counties.

Section 6.02. Modification or Amendment. No material modification or amendment of this resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Government.

Section 6.03. Award of Bond. The Bond is hereby awarded to the Government.

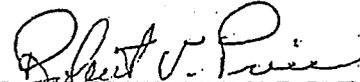
Section 6.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this resolution or the Bonds or coupons appertaining thereto.

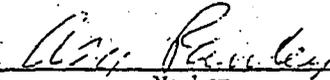
Section 6.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflicts, hereby repealed.

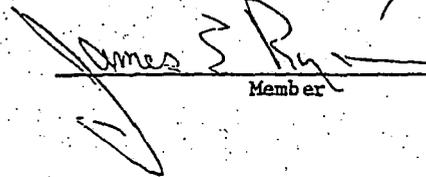
Section 6.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.07. Effective Time. This resolution shall take effect immediately upon its adoption.

Adopted March 14, 1977.


Chairman of Public Service Board


Member


Member

LINCOLN PUBLIC SERVICE DISTRICT

**WATER REVENUE DESIGN BONDS, SERIES 1998
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF LINCOLN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$198,016 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE DESIGN BONDS, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF LINCOLN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of approximately 33 miles of water lines, six water storage tanks, and five booster pumping stations in Lincoln County, together with all appurtenant facilities (the design of the aforementioned improvements and extensions is herein referred to as the "Project") (the existing public waterworks facilities of the Issuer and any further improvements or extensions thereto, including those contemplated by the Project, are herein called the "System").

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$198,016 (the "Series 1998 Bonds"), to permanently finance a portion of the costs of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all engineering fees for the Project and legal expenses related to the issuance of the Bonds; the fees and expenses of the Authority, including the Council Administrative Fee (as hereinafter defined); initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1998 Bonds; and such other expenses as may be necessary or incidental to the financing herein authorized, the undertaking of the Project, 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 1998 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. It is in the best interests of the Issuer that its Series 1998 Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1998 Bonds as to liens, pledge and source of and security for

payment, being the Water Revenue Bond, Series 1975, dated November 3, 1977, issued in the original aggregate principal amount of \$1,056,000 (the "Prior Bonds").

The Series 1998 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1998 Bonds, the Issuer will obtain the written consent of the Holder of the Prior Bonds to the issuance of the Series 1998 Bonds on a parity with the Prior 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.

G. The estimated revenues to be derived in each year from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1998 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the Project, the Contract and the System and issuance of the Series 1998 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1998 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1998 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1998 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1998 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 1998 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1998 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 Bonds from the Authority.

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

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

"Consulting Engineers" means Haworth, Meyer & Boleyn, Inc., South Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"Council Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"Depreciation Reserve" means the Depreciation Reserve established by Section 5.01 hereof.

"FDIC" means the Federal Deposit Insurance Corporation and 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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the

operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1998 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1998 Bonds, plus accrued interest and premium, if any, less original issue discount, if any. 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 1998 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 or any other proceeds of the Series 1998 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1998 Bonds.

"Operating Expenses" means the current expenses; paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1998 Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1975, described in Section 1.02G hereof.

"Prior Bonds Reserve Account" means the Reserve Fund created by the Prior Resolution and continued hereby.

"Prior Resolution" means the resolution of the Issuer duly adopted March 14, 1977, authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental

use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, 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 6 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means the reserve account established for the Prior Bonds.

"Reserve Requirement" means the amounts required to be on deposit in the Reserve Account of the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Resolution and continued hereby.

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

"Series 1998 Bonds" means the not more than \$198,016 in aggregate principal amount of Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1998 Bonds Project Fund" means the Series 1998 Bonds Project Fund established by Section 5.01 hereof.

"Series 1998 Bonds Sinking Fund" means the Series 1998 Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1998 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1998 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Reserve and the respective Reserve Accounts.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities, including those contemplated by the Project, at any time acquired or constructed for the waterworks system of the Issuer.

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

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

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

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.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the undertaking of the Project, at an estimated cost of \$350,630. The proceeds of the Series 1998 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer is hereby authorized and directed to enter into the Contract with the Consulting Engineers.

The cost of the Project is estimated to be \$350,630, of which \$198,016 will be obtained from proceeds of the Series 1998 Bonds. The Consulting Engineers are deferring the remaining balance of the costs of the Project until such time as monies are received by the Issuer for acquisition and construction of the improvements and extensions to the System contemplated by the Project, or, in the event the improvements and extensions contemplated by the Project are not acquired or constructed, the Issuer shall not be required to pay the remaining balance due to the Consulting Engineers for the Project.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1998 Bonds, funding a reserve account for the Series 1998 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issue of the Series 1998 Bonds and related costs, or any or all of such purposes, as determined in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1998 Bonds of the Issuer. The Series 1998 Bonds shall be issued as a single series designated "Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund)" in the principal amount of not more than \$198,016, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 Bonds, remaining after capitalizing interest on the Series 1998 Bonds, if any, shall be deposited or credited to the Series 1998 Bonds Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1998 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall describe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1998 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1998 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1998 Bonds. The Series 1998 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1998 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1998 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1998 Bonds shall cease to be such officer of the Issuer before the Series 1998 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 1998 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1998 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1998 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1998 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1998 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1998 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1998 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1998 Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1998 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1998 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 1998 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 Bonds shall be secured 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 Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1998 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 1998 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1998 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 1998 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1998 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE DESIGN BONDS, SERIES 1998
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$198,016

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Lincoln County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE HUNDRED NINETY - EIGHT THOUSAND SIXTEEN DOLLARS (\$198,016), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The Council Administrative Fee shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 1998.

This Bond is issued (i) to pay a portion of the costs of design of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the

"Project", and the existing public waterworks system of the Issuer, together with any further additions, betterments and improvements thereto, including those contemplated by the Project, are collectively referred to as the "System"); and (ii) to pay costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 1998, and a Supplemental Resolution duly adopted by the Issuer on _____, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,056,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1998 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor,

such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1998.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199 ____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) 1975 Reserve Account (established by the Prior Resolution and hereinafter referred to as the "Prior Bonds Reserve Account");
- (3) Depreciation Reserve;
- (4) Series 1998 Bonds Project Fund; and
- (5) Series 1998 Bonds Sinking Fund.

Section 5.02. [RESERVED]

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required by the Prior Resolution to pay the interest on and the principal of the Prior Bonds; and (ii) commencing on April 1, 1999, apportion and set apart out of the Revenue Fund for deposit in the Series 1998 Bonds Sinking Fund, the sum set forth in Schedule X to the Loan Agreement and remit said amount to the Authority.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank the amount required by the Prior Resolution to be deposited in the Prior Bonds Reserve Account.

(4) The Issuer shall next pay, monthly, the Administrative Fee set forth in the Loan Agreement.

(5) The Issuer shall next, on the first day of each month, so long as the Series 1998 Bonds are outstanding, transfer from the Revenue Fund to the Depreciation Reserve a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve 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 moneys from the Depreciation Reserve.

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

Moneys in the Series 1998 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1998 Bonds, as the same shall become due.

All investment earnings on moneys in the Series 1998 Bonds Sinking Fund shall be returned, not less than once each year, by the Depository Bank to the Issuer, and such amounts shall, during the Project, be deposited in the Series 1998 Bonds Project Fund, and following completion of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1998 Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 1998 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1998 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1998 Bonds, in accordance with the respective principal amounts then Outstanding.

The Depository Bank is hereby designated as the fiscal agent for the administration of the Series 1998 Bonds Sinking Fund created hereunder, and all amounts required for said accounts shall be remitted to the Depository Bank from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically deducted from the Revenue Fund and transferred to the Depository Bank on the dates required hereunder.

Moneys in the Series 1998 Bonds Sinking Fund shall be invested and reinvested by the Depository Bank in accordance with Section 8.01 hereof.

The Series 1998 Bonds Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 1998 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Depository Bank the required principal, interest and reserve payments with respect to the Series 1998 Bonds and all such payments shall be remitted to the Depository Bank with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Depository Bank the Council Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1998 Bonds, and submit a copy of said form

along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. 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.

E. The Issuer shall remit from the Revenue Fund to the Registrar, the Paying Agent or the Depository Bank, on such dates as the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Authority on the dates required.

F. The moneys 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.

G. If on any monthly payment date the 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 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1998 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1998 Bonds, there shall first be deposited with the Depository Bank in the Series 1998 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1998 Bonds for the period commencing on the date of issuance of the Series 1998 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. [RESERVED]

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 Bonds Project Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 1998 Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1998 Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 Bonds Project Fund (except for the costs of issuance of the Series 1998 Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 1998 Bonds Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1998 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1998 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1998 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1998 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1998 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 Bonds shall be secured 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 Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered November 19, 1998, in Case No. 98-0458-PWD-42A, and such rates are hereby adopted.

Section 7.05. 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 Resolution. Additionally, so long as the Series 1998 Bonds are outstanding and except as otherwise required by law or with the

written consent of the Authority and the Council, 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 Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1998 Bonds, immediately be remitted to the Depository Bank for deposit in the Series 1998 Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Depository Bank to apply such proceeds to the payment of principal of and interest on the Series 1998 Bonds. Any balance remaining after the payment of the Series 1998 Bonds and interest thereon shall be remitted to the Issuer by the Depository Bank 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 \$10,000, the Issuer shall, by resolution duly adopted, 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 Depreciation Reserve. 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 \$10,000 but not in excess of \$50,000, 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 of any such sale shall be deposited in the Depreciation Reserve. The payment of such proceeds into the Depreciation Reserve shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, 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 1998 Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 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 1998 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 1998 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 1998 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

- All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 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 outstanding 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 the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months,

within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds and Prior 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 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 Accountants, 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 Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. 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 Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1998 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 1998 Bonds.

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

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing

Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 1998 Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1998 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1998 Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. 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 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the reserve accounts for obligations on a parity with the Series 1998 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, 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 Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.11. Operating Personnel. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or

employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

(2) 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.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR.

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer 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 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the undertaking of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the undertaking of the Project and the operation of the System.

Section 7.18. [RESERVED]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1998 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 1998 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the undertaking of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1998 Bonds or immediately thereafter, enter into a contract with the Consulting Engineer for the immediate undertaking of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1998 Bonds from gross income for federal income tax purposes.

Section 8.02. [RESERVED]

Section 8.03. [RESERVED]

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1998 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1998 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1998 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 1998 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 1998 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 1998 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1998 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1998 Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1998 Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Series 1998 Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 1998 Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 1998 Bonds and interest thereon, if any, and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 1998 Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1998 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1998 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 1998 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1998 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1998 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1998 Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1998 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1998 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1998 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or 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

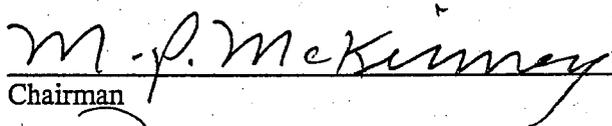
between this Resolution and the Prior Resolution, the Prior Resolution shall control, unless less restrictive, so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, 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.

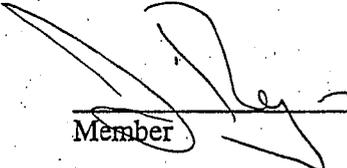
Section 11.07. [RESERVED]

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

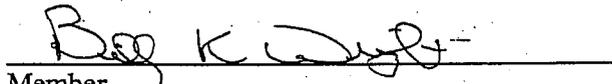
Adopted this 28th day of December, 1998.



Chairman



Member



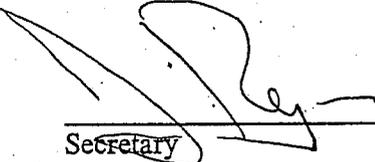
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of LINCOLN PUBLIC SERVICE DISTRICT on the 28th day of December, 1998.

Dated: December 29, 1998.

[SEAL]



Secretary

12/28/98
523780/97001

EXHIBIT A

Loan Agreement included in bond transcript as Document ____.



United States Department of Agriculture

Rural Development

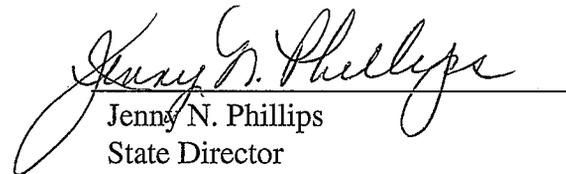
75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
TDD (304) 284-5941
(For the Deaf or Hard of Hearing)

August 6, 2002

Lincoln Public Service District
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principle amounts of the Series 1975 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) (the "Series 2002 A Bonds"), in the original aggregate principle amount of not to exceed \$600,000 and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority) (the "Series 2002 B Bonds"), in the original aggregate principle amount of not to exceed \$150,000 (collectively, the "Series 2002 Bonds"), by Lincoln Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2002 Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 1975, dated November 3, 1977 (the "Series 1975 Bonds"); (ii) waives any requirements imposed by the series 1975 Bonds or the resolution authorizing the Series 1975 Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Series 2002 Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolution by the Resolution.


Jenny N. Phillips
State Director



State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

August 6, 2002

Lincoln Public Service District
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the Issuer's certified public accountant dated the date hereof, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) in the original aggregate principal amount of \$580,429, and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority) in the original aggregate principal amount of \$121,522 (collectively, the "Series 2002 Bonds"), by Lincoln Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2002 Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund) (the "Prior Bonds").


Authorized Representative

 **GRIFFITH & ASSOCIATES**

Michael D. Griffith, CPA

D. Denise Pauley, CPA

William Baisden, CPA

950 Little Coal River Road Alum Creek, West Virginia 25003

Office (304) 756-3600 Fax: (304) 756-2911

Lincoln Public Service District
Water Revenue Bonds, Series 2002 A and
Water Revenue Bonds, Series 2002 B
(West Virginia Water Development Authority)

Lincoln Public Service District
Alum Creek, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentleman:

Based upon the water rates and charges recommended and detailed in the Staff Report of the Public Service Commission Staff and set forth in the Recommended Decision entered April 26, 2002, made final in the Commission Order dated June 27, 2002 of the Public Service Commission of West Virginia in Case No. 01-0363-PWD-19A, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Lincoln Public Service District (the "Issuer"), it is my 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 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority) (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Issuer's Water Revenue Bonds, Series 1975 and Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds").

It is further my opinion that the Net Revenues for the fiscal year following the year in which the Bonds are issued will be at least 115% of the average annual debt service requirements on the Bonds and the Prior Bonds. All capitalized terms used herein and not defined herein shall have the same meaning as set forth in the Bond Resolution authorizing the Bonds.

Sincerely,



Michael D. Griffith, CPA
August 6, 2002

CLOSING MEMORANDUM

To: Financing Team

From: John C. Stump, Esquire

Date: August 6, 2002

Re: Lincoln Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority)

SERIES A BONDS

1. DISBURSEMENTS TO LINCOLN PUBLIC SERVICE DISTRICT

Payor: West Virginia Water Development Authority
(Bank of New York)

Amount: \$580,429

Form: Wire Transfer

Payee: Lincoln Public Service District

Bank: Community Trust Bank, Alum Creek, West Virginia

Routing #: 042102694

Account #: 4001393522

Contact: Judy Conway, Branch Manager (756-3317)

Account: Series 2002 A Bonds Construction Account

SERIES B BONDS

1. DISBURSEMENTS TO LINCOLN PUBLIC SERVICE DISTRICT

Payor: West Virginia Water Development Authority (BB&T)

Amount: \$59,302

Form: Wire Transfer

Payee: Lincoln Public Service District

Bank: Community Trust Bank, Alum Creek, West Virginia

Routing #: 042102694

Account #: 4001393611

Contact: Judy Conway, Branch Manager (756-3317)

Account: Series 2002 B Bonds Construction Account

2. **DISBURSEMENTS TO MUNICIPAL BOND COMMISSION**

Payor: West Virginia Water Development Authority (BB&T)
Source: Series 2002 B Bonds Proceeds
Amount: \$62,220
Form: Wire Transfer
Payee: West Virginia Municipal Bond Commission
Bank: Branch Banking and Trust Company
Charleston, West Virginia
Routing #: 051503394
Account #: 5270517317
Contact: State Treasurer for West Virginia Municipal Bond
Commission
Memo: Fund Series 1975 Bond Reserve Account

07/31/02
523780.00001

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A (Tax-Exempt)
(West Virginia Water Development Authority)

USE OF BOND PROCEEDS

Water Treatment Plant

1. Outside Pit Valve	6000.00	
2. Sedimentation Tank	447.00	
3. Raw Water Intake	6736.00	
4. High Service Pumps	8722.00	
5. Upgrade Electrical Panel	60980.00	
6. New Master Meter	6865.00	
7. New Chemical Feeder Pumps	2445.00	
8. New Pressure Surge Device	1355.00	
9. New Treatment Plant Doors	2528.00	
10. New Clarifer Agitation System	8930.00	
11. New Chlorination Equipment	4300.00	
12. Clean-up Sedimentation Tank	35000.00	
	<hr/>	
SUBTOTAL		\$144,308.00

Distribution System Improvements

1. Priestly Ridge/Pine Grove Design	40000.00	
2. Upgrade Sod Booster Pump Station	44975.00	
3. Upgrade/Replace Starlight Booster Pump Station	14000.00	
	<hr/>	
SUBTOTAL		\$98,975.00

Road Bores

1. Route 3/Bear Fork Intersection	5000.00	
2. Valley Fork/Hollister Roads Intersection	5000.00	
3. Route 214/Heritage Road Intersection	5000.00	
4. Route 214/Buckeye Fork Intersection	5000.00	
5. Coal River Road/Quail Hill Drive Intersection	5000.00	
6. McCorkle Road/Spring Branch Intersection	5000.00	
	<hr/>	
SUBTOTAL		\$30,000.00

Equipment Purchase

1. Dump truck, backhoe and pick-up	120584.55	
2. Low clearance rotary cutter	1305.00	
3. Romac 2" tapping tool	1561.18	
4. 3" Quick reverse air mole	5000.00	
	<hr/>	
SUBTOTAL		\$128,450.73

Miscellaneous Capital Expenses

1. Hach - testing equipment	1671.65	
2. Waterworks - pvf	6539.10	
3. Radio Shack - computer equipment	700.00	
4. Hughes Supply - pvf	22312.76	
5. Sunbelt Rental - construction equipment	3528.00	
6. Electronic Communications - radio equipment	2924.59	
7. Precision Pump and Valve - pump purchase	1575.00	
8. Hertz Rental - construction equipment	6701.16	
9. Community Trust Bank - truck pay-off	8359.25	
10. Citco - pvf	1175.61	
11. Principal Payment on Lincoln EDA Loan (see Note)	6000.00	
	<u> </u>	
	SUBTOTAL	\$61,487.12

Professional Fees

1. Engineering Fees	35000.00	
2. Local Attorney	32238.88	
3. Accounting	8608.75	
4. Bond Counsel	22500.00	
5. Registrar	250.00	
	<u> </u>	
	SUBTOTAL	\$98,597.63

Contingency \$18,610.52

TOTAL \$580,429.00

** Note - Payment to Lincoln County EDA represents portion of EDA loan attributable to principal payments on construction equipment.

Draft Prepared: 7/31/2002
Doc. Number: 538946
Client/Matter Number: 523780.00001

State of West Virginia
WATER DEVELOPMENT AUTHORITY
 180 Association Drive, Charleston, WV 25311-1217
 (304) 558-3612 - (304) 558-0299 (Fax)
 Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date August 6, 2002 Time 10:00 a.m. LGA Lincoln PSD Program WDA

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Doug Olds	WV WDA	558-3612	558-0299	dolds@wvwda.org
Terry Myers	Lincoln PSD	756-2141	756-0020	dyorkosky@wvwda.org
Bernie Yankosky	WV WDA	558-3612	558-0299	dyorkosky@wvwda.org
John Stamp	Stapton & Johnson	353-8196	353-8181	stampjc@staptonjohnson.com
Barbara B Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
Susan Riggs	Spilman Thomas & Battle	340-3807	340-3801	sriggs@spilmanlaw.com
Samuel Coe	Jackson & Kelly LLC	340-1318	340-1080	scoe@jacksonkelly.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name ~~John Stamp~~ Terry Myers Telephone 756-2141 E-Mail none
 Address 250 Little Coal River Road, Alum Creek WV 25003

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418

CHARLESTON, WEST VIRGINIA 25301-2616

TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Water Plant & Booster Station Upgrades PERMIT NO.: 15,214
LOCATION: Alum Creek COUNTY: Lincoln DATE: 4-11-2002

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Lincoln Public Service District
Post Office Box 38
Alum Creek, West Virginia 25003**

is hereby granted approval to: relocate the control panel; provide telemetry for remote control of the Sod, Sumerco, and Gilchrist booster stations; replace a raw water pump; replace gate valves and check valves in raw water vault; replace three (3) butterfly valves at sedimentation basin; add a raw water meter; install new flocculators, replace chemical feed equipment; expand and modify the chlorine room; replace a high service pump; install surge protection device; install a new master meter; and clean the backwash basin at the Lincoln Public Service District water treatment plant. Also, to replace and relocate the Starlight booster station; and to renovate and upgrade the Sod booster station from a 250 G.P.M. station to a 400 G.P.M. duplex booster station.

Facilities are to serve Lincoln Public Service District.

NOTE: This permit is contingent upon: 1) All new water lines being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum eighteen (18) inches vertical separation between crossing sewer and water lines, with the water line above the sewer line.

The Environmental Engineering Division of the St. Albans District Office (304-722-0611) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec

pc: HMB Professional Engineers, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Lincoln County Health Department
OEHS-EED St. Albans District Office

EW-100
(Revised 1/1/95)

Office Use Only

Date Received 3/29/02
Date Approved 4/11/02
Approved by MSD
Permit Number 15214

West Virginia Bureau of Public Health
Environmental Engineering Division
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301-2616

**PUBLIC WATER SUPPLY SYSTEM APPLICATION
FOR A PERMIT TO CONSTRUCT, ALTER, OR RENOVATE**

DATE March 18, 2002

NAME OF APPLICANT Lincoln Public Service District

STREET OR PO BOX NO P.O. Box 38 TELEPHONE NO (304) 756-2141

CITY Alum Creek COUNTY Lincoln ZIP CODE 25003

NAME OF ENGINEERING FIRM HMB Professional Engineers, Inc.

STREET OR PO BOX NO 325 Sixth Ave TELEPHONE NO (304) 744-5200

CITY South Charleston COUNTY Kanawha ZIP CODE 25303

LOCATION OF PLANT	LOCATION OF SOURCE WATER
Latitude <u> </u> ° <u> </u> ' <u> </u> "	Latitude <u> </u> ° <u> </u> ' <u> </u> "
Longitude <u> </u> ° <u> </u> ' <u> </u> "	Longitude <u> </u> ° <u> </u> ' <u> </u> "

(If applying for water plant or water well permit)

IN ACCORDANCE WITH TITLE 64, SERIES 3, PUBLIC WATER SUPPLY REGULATIONS OF THE WEST VIRGINIA DIVISION OF HEALTH, WE HEREBY MAKE APPLICATION TO CONSTRUCT, ALTER, OR RENOVATE AS FOLLOWS:

Relocate control panel at water treatment plant, provide telemetry for remote control of booster stations, modify chlorine room, replace Starlight Drive booster station and upgrade Sod booster station from 250 gpm to 400 gpm.

Terry L. Myers
SIGNATURE OF APPLICANT OR AUTHORIZED AGENT

NOTE: A \$300 permit fee must accompany a permit application (ie: \$150 permit fee for a well application). Make check or money order payable to "West Virginia Department of Health and Human Resources." Cash not accepted. Permit applications which include both water and sewer systems need only submit a single \$300 fee.

WATER SYSTEM DESIGN INFORMATION AND DATA SHEET

Complete all portions of the Design Data Sheet applicable to the project. Omission of required information will result in the application being denied. When both sewer system and water system are to be constructed, Design Data Sheets for both sewage and water must be completed and attached to the application.

Attachment B: To be attached to application for sewage disposal and/or water system.

Applicant Lincoln Public Service District Project Location Lincoln
(County)

Number of customers 1,686 Estimated population served 4,200

Estimated peak flow 414,000 GPD Minimum consumer pressure at 20 Psi

Source of Supply:

Municipal () Public Service District (X) Well ()

Other _____
(specify)

Pressure at connection to public supply N/A psi.

Capacity of well N/A gpm, if applicable.

Type of System: Gravity () Hydropneumatic ()

Other _____
(specify)

Size of water lines N/A

Length of water lines of each size N/A

YES NO

_____ Project location map attached

_____ Project site plan attached

_____ Details of well construction attached

_____ Fire hydrants to be installed (Hydraulic calculation must be included)

_____ Storage tank required: Size of tank _____

Elevation of top of storage tank _____

_____ Chlorination: Contact time _____ minutes

Miscellaneous treatment _____



BLANKET PROTECTOR
COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS

One Nationwide Plaza
Columbus, OH 43215-2220

ISSUED BY NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

POLICY NUMBER 92PR316049-0004W

POLICY PERIOD FROM 02/23/02 TO 02/23/03 AT
12.01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS.

DESCRIPTION OF PREMISES			
LOC	BLDG	LOCATION, CONSTRUCTION AND OCCUPANCY	
001	01	UPPER COAL RIVER ROAD ALUM CREEK	JOISTED MASONRY WV 25003 022 WATER TREATMENT PLANT
001	02	UPPER COAL RIVER ROAD ALUM CREEK	JOISTED MASONRY WV 25003 022 AUX BLDG WATERWORKS
002	01	RT 214 ALUM CREEK	JOISTED MASONRY WV 25003 022 PUMP STATION
003	01	RT 214 ALUM CREEK	JOISTED MASONRY WV 25003 022 PUMP STATION
004	01	MIDWAY RD SOD	NON COMBUSTIBLE WV 25564 022 PUMP STATION

COVERAGES PROVIDED.
(INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A
LIMIT OF INSURANCE IS SHOWN)

LOC	BLDG	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE
001	01	BUILDING	\$ 297,600	SPECIAL	80
001	01	PERSONAL PROPERTY	\$ 5,000	SPECIAL	80
001	02	BUILDING	\$ 16,200	SPECIAL	80
002	01	PROP IN THE OPEN - WATER OR SEWAGE LIFT PUMPS	\$ 30,000	SPECIAL	80
003	01	PROP IN THE OPEN - WATER OR SEWAGE LIFT PUMPS	\$ 30,000	SPECIAL	80
004	01	PROP IN THE OPEN - WATER OR SEWAGE LIFT PUMPS	\$ 40,000	SPECIAL	90

OPTIONAL COVERAGES
(APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW)

MINE SUBSIDENCE

LOC	BLDG	LIMIT OF INSURANCE
001	01	\$ 75,000
001	02	\$ 16,200

INFLATION GUARD (PERCENTAGE)

LOC	BLDG	BUILDING	PERS PROP	PERS PROP OF OTHERS	IMPROVMENTS/BETTRMENTS
-----	------	----------	-----------	---------------------	------------------------

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BLANKET PROTECTOR
 COMMERCIAL PROPERTY
 COVERAGE PART DECLARATIONS

One Nationwide Plaza
 Columbus, OH 43215-2220

ISSUED BY NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

POLICY NUMBER 92PR316049-0004W

INFLATION GUARD (PERCENTAGE)

001 01 2%
 001 02 2%

DEDUCTIBLE

\$ 250 PER OCCURRENCE

MORTGAGE HOLDERS

LOC	BLDG	INTEREST	NAME AND ADDRESS
001	01	FIRST	USDA RURAL DEVELOPMENT KEYSTONE PROFESSIONAL BLDG ROOM 103 418 GOFF MT ROAD CROSS LANES WV 25313
004	01	FIRST	COMVEST LTD INC SOUTHBRANCH VALLEY NH BANK ATTN MARK WRIGHT PO BOX 680 MOOREFIELD WV 26836

COMMERCIAL PROPERTY PREMIUM \$ 1,034

FORMS APPLICABLE TO COMMERCIAL PROPERTY COVERAGE PART

FORMS APPLICABLE TO ALL LOCATIONS/COVERAGES

CP 00 90-0788 CP 01 12-1000 IL 09 35-0898
 IL 02 85-0498

FORMS APPLICABLE TO SPECIFIC LOCATIONS/COVERAGES

FORM NUMBER	LOC	BLDG	COVERAGE
WVMS2-0785	001	01	BUILDING
	001	02	BUILDING
CP 00 10-0695	001	01	BUILDING
	001	01	PERSONAL PROPERTY
	001	02	BUILDING
	002	01	PROP IN THE OPEN WATER OR SEWAGE LIFT PUMPS
CP 10 30-0695	003	01	PROP IN THE OPEN WATER OR SEWAGE LIFT PUMPS
	004	01	PROP IN THE OPEN WATER OR SEWAGE LIFT PUMPS
	001	01	BUILDING
	001	01	PERSONAL PROPERTY
CP 10 30-0695	001	02	BUILDING
	002	01	PROP IN THE OPEN

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CAS. 3204-A (09-87)
 CAS. 3204-A (09-87)



BLANKET PROTECTOR
COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS

One Nationwide Plaza
Columbus, OH 43215-2220

ISSUED BY NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

POLICY NUMBER 92PR316049-0004W

003	01	WATER OR SEWAGE LIFT PUMPS PROP IN THE OPEN
004	01	WATER OR SEWAGE LIFT PUMPS PROP IN THE OPEN

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CAS. 3204-A (09-87)
CAS. 3204-A (09-87)



BLANKET PROTECTOR
 COMMERCIAL GENERAL LIABILITY
 COVERAGE PART DECLARATIONS

One Nationwide Plaza
 Columbus, OH 43215-2220

ISSUED BY NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

POLICY NUMBER 92PR316049-0004W

POLICY PERIOD FROM 02/23/02 TO 02/23/03 AT
 12.01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS

LIMITS OF INSURANCE

GENERAL AGGREGATE LIMIT	\$	500,000
PRODUCTS - COMPLETED OPERATIONS AGGREGATE LIMIT	\$	500,000
EACH OCCURRENCE LIMIT	\$	500,000
PERSONAL & ADVERTISING INJURY LIMIT	\$	500,000
ANY ONE PERSON OR ORGANIZATION		
MEDICAL EXPENSE LIMIT	\$	5,000
ANY ONE PERSON		
FIRE DAMAGE LIMIT	\$	100,000
ANY ONE FIRE		

LOCATION OF ALL PREMISES YOU OWN, RENT OR OCCUPY

LOC	BLDG	ADDRESS
001	01	UPPER COAL RIVER ROAD ALUM CREEK WV 25003 022

CLASSIFICATION	CODE NO.	PREMIUM BASIS	PRODS/COMP OPS ADV PREM	ALL OTHER ADV PREM
EXCAVATION	94007	3,413	INCLUDED	INCLUDED
WATER COMPANIES PROD-COMP OPS SUBJ GEN AGG LMT	99943	215,456 PAYROLL		INCLUDED

COMMERCIAL GENERAL LIABILITY ADVANCE PREMIUM \$ 13,874

FORMS APPLICABLE TO COMMERCIAL GENERAL LIABILITY COVERAGE PART		
IL 00 21-0498	CG 20 26-1185	CG 00 57-0999
CG 26 62-1100	CAS 3392-0887	CG 00 01-0798
CG 21 50-0989	CAS 2527 B-0794	CAS 3880-0897
CAS 4487-0693	CG 21 60-0498	CG 21 47-0798



BLANKET PROTECTOR
 COMMERCIAL CRIME
 COVERAGE PART DECLARATIONS

One Nationwide Plaza
 Columbus, OH 43215-2220

ISSUED BY NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

POLICY NUMBER 92PR316049-0004W

POLICY PERIOD FROM 02/23/02 TO 02/23/03 AT
 12.01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS.

LOCATION OF PREMISES COVERED

LOC	BLDG	ADDRESS
001	01	UPPER COAL RIVER ROAD ALUM CREEK WV 25003 022

COVERAGE, LIMITS OF INSURANCE AND DEDUCTIBLE

LOC	BLDG	COVERAGE FORM	LIMIT OF INSURANCE	DEDUCTIBLE
001	01	COMMERCIAL CRIME SEPARATE LIMITS FORM A	\$ 50,000	\$ 0

COMMERCIAL CRIME PREMIUM \$ 727

FORMS APPLICABLE TO COMMERCIAL CRIME COVERAGE PART
 CR 01 05-1185 CR 10 00-0695 IL 09 35-0898
 CR 00 02



BLANKET PROTECTOR
 INLAND MARINE
 COVERAGE PART DECLARATIONS

One Nationwide Plaza
 Columbus, OH 43215-2220

ISSUED BY NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

POLICY NUMBER 92PR316049-0004W

POLICY PERIOD FROM 02/23/02 TO 02/23/03 AT
 12.01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS.

LOC BLDG ADDRESS
 001 01 UPPER COAL RIVER ROAD
 ALUM CREEK WV 25003 022

COVERAGE	COVERAGE AMOUNT	DEDUCTIBLE AMOUNT	PREMIUM INCLUDED
CONTRACTORS EQUIPMENT	SEE ENDT		

INLAND MARINE PREMIUM \$ 1,035

FORMS APPLICABLE TO INLAND MARINE COVERAGE PART
 ML-126-0482 IM 300-0190 IM 810-0885
 IM-363

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IM-300-1A (09-87)

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**ECONOMIC
DEVELOPMENT
AUTHORITY**

Post Office Box 100
6888 McClellan Street
Twentieth Street Bank
Second Floor
West Hamlin, WV 2557

Phone (304) 824-3838
Fax (304) 824-3837

December 30, 2002

Terry Myers
Lincoln PSD
PO Box 38
Alum Creek, WV 25003

RE: Loan payoff information

To Whom it May Concern:

In April of 2002, the Lincoln Economic Development Authority advanced a short-term loan of \$21,000 to the Lincoln PSD to make payments on a pending debt receipt. This loan was to be paid back within 90 days from the loan date. This loan was paid in full in August 2002 by the Lincoln PSD. As of this date, the Lincoln PSD has no outstanding balance on this loan.

Thank you,

Neal Vance
Executive Director



Creating Partnerships for Today and Tomorrow

