LINCOLN COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

DATE OF CLOSING:

July 3, 2003

BOND TRANSCRIPT

STEPTOE & JOHNSON PLLC

Vincent A. Collins, Esquire
3rd and Main Street
Bank One Center, Sixth Floor
Clarksburg, WV 26302
(304)624-8161
collinva@steptoe-johnson.com

John C. Stump, Esquire
707 Virginia Street, East
Bank One Center, Seventh Floor
Charleston, WV 25326
(304)353-8196
stumpjc@steptoe-johnson.com

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. (A) Bond Resolution
   (B) Supplemental Resolution
2. Series 1975 Supplemental Resolution and Bond Resolution
3. Series 1998 Bond Resolution
4. Series 2002 A and Series 2002 B Bond Resolution
5. (A) USDA Consent to Issuance of Parity Bonds
   (B) WDA Consent to Issuance of Parity Bonds
6. Public Service Commission Orders
7. United States Department of Agriculture Loan Resolution
8. Receipt for Bond
9. Specimen Bond

OPINIONS OF COUNSEL

10. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel
11. Opinion of Counsel to Issuer

CERTIFICATES

12. Combined Certificate of Issuer and Attorney

13. Engineer's Certificate

14. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

15. County Commission Orders Creating, Consolidating and Enlarging the District

16. County Commission Orders of Appointment of Current Boardmembers

17. Oaths of Office of Current Boardmembers

18. Rules of Procedure

19. Affidavit of Publication on Notice of Meeting to Adopt Bond Resolution

20. Minutes of Current Year Organizational Meeting

21. Excerpt of Minutes on Adoption of Bond Resolution

22. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

23. United States Department of Agriculture Letter of Conditions and Closing Instructions

24. United States Department of Agriculture Grant Agreement

25. Receipt of Depository Bank

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

BOND RESOLUTION

Table of Contents

Subject		Page
	ARTICLE I **STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**	
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
	ARTICLE II **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**	
Section 2.01	Authorization of Acquisition and Construction of the Project	9
	ARTICLE III **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS**	
Section 3.01	Authorization of Bonds	10
Section 3.02	Description of Bonds	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	10
Section 3.04	Bond Registrar	11
Section 3.05	Execution of Bonds	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bonds Secured by Pledge of Net Revenues	12
Section 3.08	Form of Bond	12
	FORM OF BOND	13

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	19
Section 4.02	Bond Proceeds; Project Construction Account	19
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	20

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	25
Section 5.02	Rates	25
Section 5.03	Sale of the System	25
Section 5.04	Issuance of Additional Parity Bonds or Obligations	25
Section 5.05	Insurance and Bonds	26
Section 5.06	Statutory Mortgage Lien	27
Section 5.07	Events of Default	27
Section 5.08	Enforcement	28
Section 5.09	Fiscal Year; Budget	28
Section 5.10	Compensation of Members of Governing Body	29
Section 5.11	Covenant to Proceed and Complete	29
Section 5.12	Books and Records; Audits	29
Section 5.13	Maintenance of System	29
Section 5.14	No Competition	29

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	30

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bonds	31
Section 7.02	Modification or Amendment	31
Section 7.03	Delivery of Bonds	31
Section 7.04	Severability of Invalid Provisions	31
Section 7.05	Conflicting Provisions Repealed	31
Section 7.06	Table of Contents and Headings	32
Section 7.07	Covenant of Due Procedure, Etc.	32
Section 7.08	Effective Time	32
	SIGNATURES	32
	CERTIFICATION	33

LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM 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 $1,305,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; 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 Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Lincoln Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State, duly created pursuant to the Act by the County Commissions of Lincoln and Kanawha Counties.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public

service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of construction of approximately 65,000 linear feet of 8-inch and smaller diameter water line, fire hydrants, a 139,000 gallon water storage tank, 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 (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $2,280,000, of which $1,305,000 will be obtained from the proceeds of sale of the Series 2003 A Bonds herein authorized and $975,000 will be obtained from a grant from the Purchaser.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), in the aggregate principal amount of $1,305,000 (the "Series 2003 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2003 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the

Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 A 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"), 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"), the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of $580,429 (the "Series 2002 A Bonds") and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of $121,522 (the "Series 2002 B Bonds") (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2003 A Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2003 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated March 7, 2000, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2003 A Bonds, or will have so complied prior to issuance of the Series 2003 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2003 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the

covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2003 A Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2003 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Haworth, Meyer & Boleyn, Inc., South Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Community Trust Bank, Alum Creek, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer.

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

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 7, 2000, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and 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 Project and 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 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; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Water Revenue Bonds, Series 1975, Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), 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 described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively adopted March 14, 1977, December 28, 1998 and August 5, 2002, authorizing the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(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 (hereinbefore defined) 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 or Standard & Poor's Corporation.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions and the Bond Legislation.

"Revenues" or "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.

"Secretary" means the Secretary of the Governing Body.

"Series 2003 A Bonds" means the Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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 neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

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 acquisition and construction of the Project, at an estimated cost of $2,280,000, 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 2003 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2003 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2003 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of $1,305,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2003 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2003 A Bonds shall bear interest from the date of delivery, payable monthly at a rate not to exceed 5.125% per annum, and shall be sold for the par value thereof.

The Series 2003 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2003 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2003 A Bonds, and the right to principal of and stated interest on the Series 2003 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2003 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2003 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2003 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2003 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2003 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2003 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2003 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2003 A Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2003 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2003 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2003 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2003 A Bonds shall cease to be such officer of the Issuer before the Series 2003 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2003 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2003 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2003 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2003 A Bonds shall have

matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2003 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2003 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2003 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2003 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

LINCOLN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2003 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. AR-1 Date: _____

FOR VALUE RECEIVED, LINCOLN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, 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 _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of _____ years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, 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 Record of Advances attached hereto as a part 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 Government 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 additions, extensions and improvements to the waterworks system (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.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2003, authorizing issuance of this Bond (the "Resolution").

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 of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(i) WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,056,000, AND DESCRIBED IN THE RESOLUTION;

(ii) WATER REVENUE DESIGN BONDS, SERIES 1998, DATED DECEMBER 28, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $198,016, AND DESCRIBED IN THE RESOLUTION;

(iii) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $580,429, AND DESCRIBED IN THE RESOLUTION; AND

(iv) WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $121,522, AND DESCRIBED IN THE RESOLUTION.

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

LINCOLN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By:_____
Its: Chairman, Public Service Board
250 Little Coal River Road
Alum Creek, West Virginia 25003

ATTEST:

By:_____
Its: Secretary, Public Service Board

(Form of)

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 $

(Form of Assignment)

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:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are 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 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); and

(3) Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

(1) Series 2003 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2003 A Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2003 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and 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 disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2003 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2003 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2003 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2003 A Bonds 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 Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

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, subject to the provisions of the Prior Resolutions not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2003 A Bonds transfer from the Revenue Fund and remit to (i) the appropriate entities required under the Prior Resolutions the amounts necessary to pay the principal and interest, if any, on the Prior Bonds; and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2003 A Bonds and to amortize the principal of the Series 2003 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2003 A Bonds shall be made on an equal pro

rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission for deposit into the Series 1975 Bonds Reserve Account, Series 1998 Bonds Reserve Account, Series 2002 A Bonds Reserve Account and Series 2002 B Bonds Reserve Account the amounts required by the Prior Resolutions; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2003 A Bonds Reserve Account, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2003 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2003 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2003 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2003 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2003 A Bonds, or for mandatory prepayment of the Series 2003 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2003 A Bond Reserve Account, so long as the Series 2003 A Bonds Reserve Requirement is on deposit 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.

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

(5) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for the 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.

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

Whenever the money in the Series 2003 A Bonds Reserve Account shall be sufficient to prepay the Series 2003 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2003 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2003 A Bonds Reserve Account and the Depository Bank is hereby designated as the Fiscal Agent for the Renewal and Replacement Fund as herein provided, and all amounts required for the Series 2003 A Bonds Reserve Account and the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2003 A Bonds Reserve Account and the Renewal and Replacement Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2003 A Bonds and the interest thereon.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made

up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

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 Series 2003 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2003 A Bonds Reserve Account and the Renewal and Replacement Fund, as applicable, invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2003 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Commission.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2003 A Bonds, provide evidence that there will be at least 1,072 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or 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 of West Virginia.

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2003 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2003 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2003 A Bonds 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 Issuer and the Holder of the Series 2003 A Bonds.

Section 5.02. Rates. The Issuer 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 Net Revenues equal to not less than 110% of the annual debt service on the Series 2003 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and 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 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2003 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. 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 Bond Legislation then Outstanding;

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

No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2003 A Bonds remain outstanding, 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, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2003 A Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer 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 for the Issuer.

(d) Workers' 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 have been or 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 Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2003 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2003 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2003 A Bonds.

Section 5.07. 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 upon the Series 2003 A Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2003 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser 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. The notice must contain a description of the event of default and actions intended to be taken as a result of such default.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the 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 5.09. Fiscal Year; Budget. While the Series 2003 A Bonds are 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 30 days prior to the beginning of each Fiscal Year, the Issuer 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 Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st 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 next year preceding by more than 10%; 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 Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member 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 hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer 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 Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer 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 Series 2003 A Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer 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 Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on June 27, 2002, Case No. 01-0363-PWD-19A, which Final Order is incorporated herein by reference as a part hereof.

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. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer 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 Issuer 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 Issuer 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. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2003 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2003 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2003 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2003 A Bonds, the Issuer may not defease the Series 2003 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2003 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof 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 severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2003 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

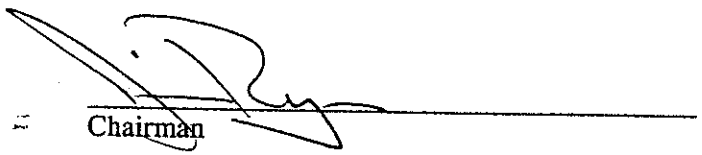
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. 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 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 1st day of July, 2003.

LINCOLN PUBLIC SERVICE DISTRICT



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of LINCOLN PUBLIC SERVICE DISTRICT on the 1st day of July, 2003.

Dated: July 3, 2003

[SEAL]

Sharon Ryan
Secretary

06/27/03
523780.99001

CH561570.1

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

WHEREAS, the Board of Lincoln Public Service District (the "Issuer") adopted its Bond Resolution (the "Bond Resolution") on July 1, 2003, authorizing the issuance of its Water Revenue Bonds, Series 2003 A (United States Department of Agriculture) (the "Series 2003 A Bonds") on July 3, 2003;

WHEREAS, the Bond Resolution approved the issuance of the Series 2003 A Bonds to bear interest from the date of delivery, payable monthly at a rate not to exceed 5.125% per annum, and to be sold for the par value thereof pursuant to the terms provided by the United States Department of Agriculture, Rural Utilities Service ("RUS") on the Closing Date (as hereinafter defined);

WHEREAS, the closing for the Series 2003 A Bonds was held on July 3, 2003 (the "Closing Date");

WHEREAS, RUS has notified the Issuer that the interest rate on the Bonds may be changed to a lower rate of 4.25% per annum and the District will receive the benefit of the lower interest rate;

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution be adopted and that the change of the interest rate and payment amount be approved and ratified by the Issuer;

WHEREAS, RUS has consented to the amendment of the terms of the Bonds, pursuant to Section 7.02 of the Bond Resolution, to provide for the lower interest rate and monthly payment amount; and

WHEREAS, all other terms of the Bonds, specifically including but not limited to, the principal amount and the term, shall remain the same and be unchanged;

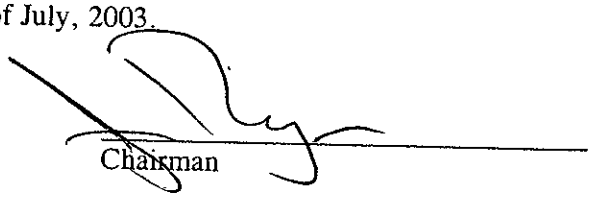
NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF LINCOLN PUBLIC SERVICE DISTRICT:

1. This Supplemental Resolution is hereby adopted and it is hereby authorized and ordered that the Series 2003 A Bonds shall bear interest from the date of delivery, payable monthly, at a rate of 4.25% per annum with a monthly payment of $5,782.

2. All other terms of the Bonds shall remain as stated in the Bond Resolution.

3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 31st day of July, 2003.



Chairman

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of LINCOLN PUBLIC SERVICE DISTRICT on the 31st day of July, 2003.

Dated: July 31, 2003.

[SEAL]

Sharon F. Ryan
Secretary

07/25/03
067780.00001

CH613606.1

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.

LINCOLN PUBLIC SERVICE DISTRICT

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 this 5th day of August, 2002.

Dated: August 6, 2002

[SEAL]

Sharon F. Kyle
Secretary

07/30/02
523780.00001

CH518816.1

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bond,
Series 1975

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01.	Authority for this Resolution	1
Section 1.02.	Findings and Determinations	1
Section 1.03.	Resolution to Constitute Contract	3
Section 1.04.	Definitions	3
ARTICLE II - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND		
Section 2.01.	Authorization of Bond	6
Section 2.02.	Description of Bond	6
Section 2.03.	Execution of Bond	6
Section 2.04.	Bond Mutilated, Destroyed, Stolen or Lost	6
Section 2.05.	Bond Secured by Pledge of Revenues	7
Section 2.06.	Form of Bond	7
Form of Bond		8
Record of Advances		12
ARTICLE III - BOND PROCEEDS; REVENUES AND APPLICATION THEREOF		
Section 3.01.	Bond Proceeds; Project Construction Account	13
Section 3.02.	Covenants of the District as to Revenues and Funds	14
ARTICLE IV - GENERAL COVENANTS		
Section 4.01.	General Statement	17
Section 4.02.	Rates	17
Section 4.03.	Sale of the System	17
Section 4.04.	Issuance of Additional Parity Bonds	17
Section 4.05.	Insurance and Bonds	17
Section 4.06.	Statutory Mortgage	19
Section 4.07.	Events of Default	19
Section 4.08.	Enforcement	20
Section 4.09.	Fiscal Year; Budget	20
Section 4.10.	Compensation of Board Members	21
Section 4.11.	Covenant to Proceed and Complete	21
Section 4.12.	Books and Records	21
Section 4.13.	Maintenance of System	22
Section 4.14.	No Competition	22
Section 4.15.	Concerning Arbitrage	22

ARTICLE V - RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules 23

ARTICLE VI - MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code 26
Section 6.02. Modification or Amendment 26
Section 6.03. Award of Bond 26
Section 6.04. Severability of Invalid Provision 26
Section 6.05. Conflicting Provisions Repealed 26
Section 6.06. Table of Contents and Headings 26
Section 6.07. Effective Time 27

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 Constructi 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 effectu 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, 1973.

Chairman of Public Service Board

Member

Member

LINCOLN PUBLIC SERVICE DISTRICT

WATER REVENUE DESIGN BONDS, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	11
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	12
Section 3.02	Terms of Bonds	12
Section 3.03	Execution of Bonds	13
Section 3.04	Authentication and Registration	13
Section 3.05	Negotiability, Transfer and Registration	13
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	14
Section 3.07	Bonds not to be Indebtedness of the Issuer	14
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	15
Section 3.09	Delivery of Bonds	15
Section 3.10	Form of Bonds	15
	FORM OF BOND	16

Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	24

ARTICLE IV
[RESERVED] 25

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	26
Section 5.02	[RESERVED]	26
Section 5.03	System Revenues; Flow of Funds	26

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	30
Section 6.02	Disbursements From the Bond Project Fund	30

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	32
Section 7.02	Bonds not to be Indebtedness of the Issuer	32
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	32
Section 7.04	Initial Schedule of Rates and Charges	32
Section 7.05	Sale of the System	32
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	34
Section 7.07	Parity Bonds	34
Section 7.08	Books; Records and Audit	36
Section 7.09	Rates	37
Section 7.10	Operating Budget and Monthly Financial Report	38
Section 7.11	Operating Personnel	39
Section 7.12	No Competing Franchise	39
Section 7.13	Enforcement of Collections	39
Section 7.14	No Free Services	39
Section 7.15	Insurance and Construction Bonds	40
Section 7.16	Connections	41
Section 7.17	Completion and Operation of Project; Permits and Orders	41
Section 7.18	[RESERVED]	41
Section 7.19	[RESERVED]	41
Section 7.20	Compliance with Loan Agreement and Law	41

Section 7.21	Securities Laws Compliance	41
Section 7.22	Contracts	41

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	42
Section 8.02	[RESERVED]	42
Section 8.03	[RESERVED]	42

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	43
Section 9.02	Remedies	43
Section 9.03	Appointment of Receiver	44

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	46

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	47
Section 11.02	Bond Legislation Constitutes Contract	47
Section 11.03	Severability of Invalid Provisions	47
Section 11.04	Headings, Etc.	47
Section 11.05	Conflicting Provisions Repealed; Prior Resolution	47
Section 11.06	Covenant of Due Procedure, Etc.	48
Section 11.07	[RESERVED]	48
Section 11.08	Effective Date	48
	SIGNATURES	48
	CERTIFICATION	49
	EXHIBIT A	50

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 issuance of the Series 1998 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 1998 Bonds of the Issuer. The Series 1998 Bonds shall be issued as a single bond, 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 in 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 and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe 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 then 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.

M. P. McKinney
Chairman

Member

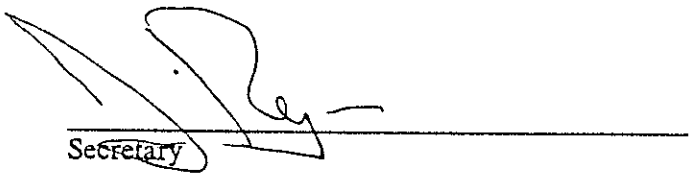
Member

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 ____.

LINCOLN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2002 A AND WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
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	13
Section 2.02.	Authorization of Funding the Series 1975 Bonds Reserve Account and Payment of Expenses	13
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15

Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	17
	FORM OF SERIES 2002 A BOND	
	FORM OF SERIES 2002 B BOND	
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	33
Section 3.12	"Amended Schedule A" Filing	33

ARTICLE IV
[RESERVED] 34

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	35
Section 5.02	Establishment of Funds and Accounts with Commission	35
Section 5.03	System Revenues; Flow of Funds	35

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	41
Section 6.02	Disbursements From the Construction Trust Funds	42

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	44
Section 7.02	Bonds not to be Indebtedness of the Issuer	44
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	44
Section 7.04	Initial Schedule of Rates and Charges	44
Section 7.05	Sale of the System	45

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	46
Section 7.07	Parity Bonds	46
Section 7.08	Books; Records and Audit	49
Section 7.09	Rates	50
Section 7.10	Operating Budget and Monthly Financial Report	51
Section 7.11	Engineering Services and Operating Personnel	52
Section 7.12	No Competing Franchise	52
Section 7.13	Enforcement of Collections	52
Section 7.14	No Free Services	53
Section 7.15	Insurance and Construction Bonds	53
Section 7.16	Connections	55
Section 7.17	Completion and Operation of Project; Permits and Orders	55
Section 7.18	Tax Covenants	55
Section 7.19	Statutory Mortgage Lien	56
Section 7.20	Compliance with Loan Agreements and Law	56
Section 7.21	Securities Laws Compliance	56
Section 7.22	Contracts; Public Releases	56

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	58
Section 8.02	Arbitrage and Tax Exemption	58
Section 8.03	Tax Certificate and Rebate	59
Section 8.04	Certificate as to Use of Proceeds	60

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	61
Section 9.02	Remedies	61
Section 9.03	Appointment of Receiver	61

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	64

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	65
Section 11.02	Bond Legislation Constitutes Contract	65
Section 11.03	Severability of Invalid Provisions	65
Section 11.04	Headings, Etc.	65
Section 11.05	Conflicting Provisions Repealed	65
Section 11.06	Covenant of Due Procedure, Etc.	66
Section 11.07	Effective Date	66
	SIGNATURES	67
	CERTIFICATION	68
	EXHIBIT A	69

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 calender 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.

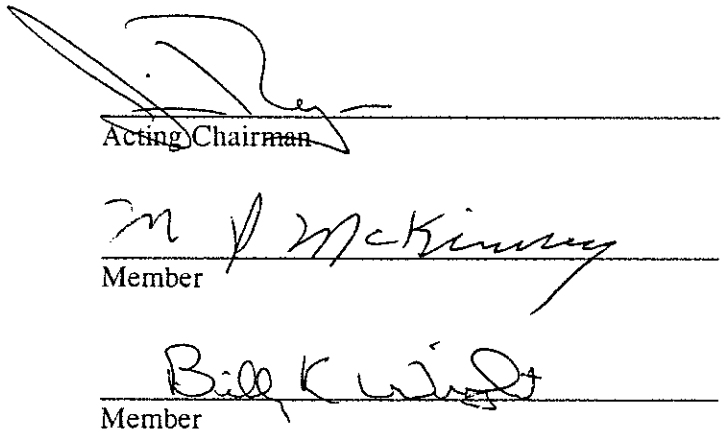
Section 11.05. Conflicting Provisions Repealed. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of

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]

Sharon F. Lyon
Secretary

07/29/02
523780.00001

CH518494.1

EXHIBIT A

Loan Agreement

(See Tab No. 3)

USDA

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)

July 3, 2003

Lincoln Public Service District
Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

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 principal amounts of the Series 1975 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2003 A (United States Department of Agriculture) (the "Series 2003 A Bonds"), in the original aggregate principal amount of not to exceed $1,305,000 by Lincoln Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2003 A 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 2003 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolution by the Resolution, if any.

Richard E. Smallfield
Acting State Director

Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410

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

July 3, 2003

Lincoln Public Service District
Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

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 2003 A (United States Department of Agriculture) in the original aggregate principal amount of $1,305,000 (the "Series 2003 A Bonds"), by Lincoln Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2003 A 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), 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 "Prior Bonds").

Authorized Representative

5B

ENTERED
OB 025 PAGE

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 22nd day of March, 2002.

CASE NO. 01-0151-PWD-CN

LINCOLN PUBLIC SERVICE DISTRICT, a public utility.
Application for a certificate of convenience and necessity to construct an extension of existing water system to serve approximately 171 new customers in the Garretts Bend/Molly Branch areas in Lincoln County.

CASE NO. 01-0363-PWD-19A

LINCOLN PUBLIC SERVICE DISTRICT, a public utility.
Rule 19A application to increase water rates and charges and petition for consent and approval of a West Virginia Water Development Authority loan.

COMMISSION ORDER

On February 22, 2002, a Recommended Decision was issued in the certificate proceeding, Case Number 01-0151-PWD-CN, in which the Administrative Law Judge recommended that a certificate be issued for the project, conditioned upon the approval of rates adequate to support the project in a separate case, Case Number 01-0363-PWD-19A. Rec. Dec. 6. The Lincoln Public Service District had proposed certain rates to be effective when the project was placed in service, and Commission Staff had proposed higher rates than those proposed by Lincoln.

As there was a separate rate proceeding for Lincoln, Case Number 01-0363-PWD-

Publ e Commission
st Virginia
Charleston

19A, the ALJ provided notice of Staff's proposed higher certificate rates at the same time as notice was provided of the proposed final rates in the separate rate proceeding. Id. p. 5.

No party took exception to the Recommended Decision in the certificate case. During the period for the Commission to review the Recommended Decision, on March 12, 2002, Staff advised that the proposed tariff it filed in the certificate case incorrectly set forth the leak adjustment rate. Further Joint Staff Memorandum p. 1. Although Staff's recommended tariff reflected a leak adjustment rate of $0.54 per thousand gallons, Staff said its tariff was incorrect. The proper leak adjustment rate should be $0.63 per thousand gallons. Further Internal Memorandum p. 1, attached to Further Joint Staff Memorandum. Staff attached a corrected tariff and asked for a corrective order. Id.

On March 14, 2002, the Commission stayed the Recommended Decision to consider Staff's request. Comm'n Order p. 1.

On March 18, 2002, Lincoln advised that it supported Staff's revised calculation for the tariff, which would be effective when the project was complete. Ltr. p. 1.

DISCUSSION

It does not appear to the Commission that a clarifying order is needed at this time, as

Publ e Commission
st Virginia
Charleston

the ALJ has transferred the rate issues to the 19A proceeding and a tariff has not yet been adopted for Lincoln. The rate issues remain pending before the ALJ in Case Number 01-0363-PWD-19A.

However, in an abundance of caution, and recognizing that the proposed tariff contained in the CON case file could be mistakenly used when that project is placed in service because the CON case number might be referenced instead of the 19A case number, the Commission will state that it agrees with Staff that the tariff Staff filed on January 9, 2002, in the certificate proceeding incorrectly states the leak adjustment rate and should not be adopted without modification. Likewise, this Commission order shall be filed in the certificate proceeding, as well as in the 19A case.

Finally, the Commission's stay in the certificate case is lifted and the Recommended Decision is adopted, as clarified herein. Lincoln is granted a CON for this project, as provided in the Recommended Decision issued February 22, 2002.

FINDINGS OF FACT

1. On February 22, 2002, a Recommended Decision was issued in the certificate proceeding, Case Number 01-0151-PWD-CN, in which the Administrative Law Judge recommended that a certificate be issued for the project, conditioned upon the approval of

Publ e Commission
st Virginia
Charleston

rates adequate to support the project in a separate case, Case Number 01-0363-PWD-19A. Rec. Dec. 6.

2. On March 12, 2002, Staff advised that the proposed tariff it filed in the certificate case incorrectly set forth the leak adjustment rate and asked for a clarifying order. Further Joint Staff Memorandum p. 1.

3. On March 14, 2002, the Commission stayed the Recommended Decision to consider Staff's request. Comm'n Order p. 1.

4. On March 18, 2002, Lincoln advised that it supported Staff's revised calculation for the tariff that would be effective when the project was complete. Ltr. p. 1.

CONCLUSIONS OF LAW

1. A clarifying order is not needed, as the ALJ has transferred the rate issues to the 19A proceeding and a tariff has not yet been adopted for Lincoln. However, in an abundance of caution, the Commission should state that Staff's tariff in the CON case incorrectly states the leak adjustment rate. Further, in an abundance of caution, this Commission order should be filed in the certificate proceeding, as well as in the 19A case.

Publ e Commission
st Virginia
Charleston

2. The Commission's stay in the certificate case should be lifted and the Recommended Decision should be adopted, as clarified herein.

ORDER

IT IS THEREFORE ORDERED that the Commission's stay of the Recommended Decision is lifted. Lincoln is granted a CON for this project, as provided in the Recommended Decision issued February 22, 2002, which is adopted as a final order of the Commission as clarified herein.

IT IS FURTHER ORDERED that the tariff Staff filed on January 9, 2002, in the certificate proceeding incorrectly states the leak adjustment rate and Staff's tariff should not be adopted without modification.

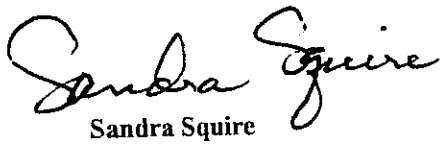
IT IS FURTHER ORDERED that this Commission order shall be filed in the certificate proceeding, Case Number 01-0151-PWD-CN, as well as in the 19A case, Case Number 01-0363-PWD-19A.

IT IS FURTHER ORDERED that the certificate proceeding, Case Number 01-0151-PWD-CN, be removed from the Commission's docket of active cases.

Publ e Commission
st Virginia
Charleston

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

CLW/ljm
010151ca.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: February 22, 2002

CASE NO. 01-0151-PWD-CN

LINCOLN PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct an extension of existing water system to serve approximately 171 new customers in the Garretts Bend/Molly Branch areas in Lincoln County.

RECOMMENDED DECISION

On July 12, 2001, Lincoln Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to construct an extension of its existing water system to serve approximately 171 new customers in the Garretts Bend/Molly Branch areas in Lincoln County. The project includes construction of approximately 65,000 linear feet of 8-inch and smaller diameter water line; fire hydrants; a 139,000 gallon water storage tank; and other necessary appurtenances.

By Order dated July 12, 2001, the District was required to give notice of the filing of its application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Lincoln County, making due return to the Commission of proper certification of publication immediately after publication. The notice directed that anyone desiring to make objection to the application must do so, in writing, within (30) days after publication of said notice. The notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application based upon the evidence submitted in the application and the Commission's review thereof.

By Order dated July 18, 2001, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before February 7, 2002.

On August 2, 2001, the District submitted proper affidavits of publication reflecting that publication had been made in accordance with the Commission's requirements. The District indicated that, while the subject water extension project only affects the District's customers in Lincoln County, the District serves customers in Kanawha County, who will

be affected by the rate increase proposed to support the project. The District also published the Notice of Filing in a newspaper in Kanawha County. Both affidavits of publication for Lincoln and Kanawha Counties were submitted.

On August 8, 2001, two letters of protest were received to the certificate application.

By Order dated August 28, 2001, this matter was set for a hearing to be held in Hearing Room No. 2, Public Service Commission Building, 201 Brooks Street, Charleston, West Virginia, on October 17, 2001. Said Order also noted that, pursuant to Commission policy, the Commission Staff's substantive recommendation in this case was due on or before October 10, 2001. Said Order also required the Lincoln Public Service District to give notice of the hearing to be held on October 17, 2001, by publishing a Notice of Hearing, once, in newspapers, duly qualified by the Secretary of State, published and of general circulation in Lincoln and Kanawha Counties.

On September 24, 2001, the District submitted proper affidavits of publication reflecting that publication of the Notice of Hearing had been made in accordance with the Commission's requirements.

The hearing was held as scheduled on October 17, 2001. The Applicant appeared by its counsel, Ms. Susan J. Riggs, Esquire, and Grant P.H. Shuman, Esquire. Commission Staff was represented by Staff Attorney Cassius H. Toon.

Testimony was given at the October 17, 2001 hearing by Mr. Charles McCann, President of the Lincoln County Commission. Mr. McCann's concern was that, as a result of the misunderstandings between the customers and the District over the rates, the certificate project may lose some of its funding and the 171 customers who are currently without water service would not receive water. (See, Tr., pp. 13-15).

Ms. Orla Pauley's water at her Garretts Bend residence is undrinkable. She related that the local Baptist Church must have the fire department haul water to fill its baptistry. She hauls her drinking water for home use. (Tr., pp. 15-17).

Witnesses Helen Ruby, Barbara Stowers, Kathy Mosteller, Ralph Lee, Emmel Lee, Gilmer Mosteller and Keith Jones all support the project to eliminate both the iron in the water and the need to carry water for home use. (Tr., pp. 17-21).

By Commission Order dated November 1, 2001, the Administrative Law Judge's decision due dates in the instant case and Case No. 01-0363-PWD-19A, the District's pending rate case, were both extended until March 7, 2002.

On January 9, 2002, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum in this case, 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. The District intends to construct a water line extension in the Garretts Bend and Molly Branch areas of

Lincoln County, consisting of approximately 65,000 lateral feet of 8-inch and smaller water line; a 139,000 gallon water storage tank; fire hydrants; and other necessary appurtenances to serve 140 new customers, at a cost of $2,280,000.

The District was issued a State of West Virginia Office of Environmental Health Service Permit No. 14,923 granting approval to install approximately 350 linear feet (LF) of 10-inch, 36,764 LF of 8-inch, 21,405 LF of 6-inch and 4,850 LF of 2-inch water line; one 139,000 gallon water storage tank; and all necessary appurtenances.

The cost per customer is approximately $16,285, which is high, but not more than the Commission has approved in prior cases. The customer density is approximately 12 customers per mile, which is low density for water service. The project is necessary to provide service to residents of Lincoln County who are currently experiencing poor water quality from their wells and are potentially exposed to health risks due to the condition of their current water supply.

The project will be financed with a Rural Utilities Service (RUS) grant of $975,000 and an RUS loan of $1,305,000. The RUS loan will accrue at an interest rate of 5.125% for a period of 40 years. The first two years will require the payment of interest only and the remaining 38 years will require annual principal and interest payments of $78,144. RUS requires a 10% debt reserve of $7,814 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues. The RUS funding commitments for the grant and loan were submitted with the District's application. The District is in compliance with all respective terms and conditions and will receive the project funds.

The District's Rule 42 Exhibit is based on the year ended June 30, 1999. During that time, the District was granted a rate increase and has had to pursue another general rate increase while this case is pending.

Originally, the District proposed to fund the project and related expenses with a 9.5% increase in rates. 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 case to project revenues and determine rates at pro forma. The District's pro forma bill analysis reflects a total of 140 new customers with a usage of 4,500 gallons each, per month. Based on this bill analysis, Staff recommends a 5.8% increase to the District's rates as a result of this project. These recommended rates will generate annual operating revenues of approximately $101,848 over the going-level rates established in the rate case. These additional revenues will 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 loan; and Staff's recommended rates and charges.

By Procedural Order issued on February 1, 2002, the rate issue in this proceeding was, essentially, transferred to Case No. 01-0363-PWD-19A, in order to provide notice to the public of the higher Staff-recommended rates for this project, which had never been published. The

District was ordered to publish a notice containing the Staff-recommended rates and a hearing was scheduled for March 13, 2002.

By Procedural Order entered on February 15, 2002, the hearing in Case No. 01-0363-PWD-19A was advanced to March 9, 2002, and further publication requirements were established.

The Administrative Law Judge's decision due date in this case is March 7, 2002, and the decision cannot be held until after the rate hearing. Therefore, this certificate application can only be approved subject to approval of rates adequate to support this project in the 19A case.

DISCUSSION

Based upon the Staff report and the testimony of residents of the area at the hearing held on October 17, 2001, there is clearly a need for the project, since the water in this area is undrinkable and has forced residents to haul water for drinking purposes. The water also has a high mineral content, which makes washing clothes difficult.

The primary issue in this case is the rates that the District will have to charge to support the project. The District filed a Rule 19A application to increase its rates and charges after the certificate application and received an interim rate increase of 8% from the Commission. In addition to the Staff-recommended rates for the Rule 19A case, Staff has recommended rates to be charged upon completion of the certificate project. These rates are higher than the 19A rates.

The project is fully funded through an RUS grant and loan. Although the cost of $16,285 per customer for the project is high, Staff indicated that it is not more than what has been approved in prior cases by the Commission. The high cost per customer is caused by there being only 12 customers per mile in the project area.

Since the District has received the necessary permits for the project and commitments for the RUS loan and grant and there clearly exists a need for the project, the application of the District for a certificate of convenience and necessity should be approved, subject to approval of adequate rates in Case No. 01-0363-PWD-19A.

FINDINGS OF FACT

1. On July 12, 2001, Lincoln Public Service District filed an application, duly verified, for a certificate of convenience and necessity to construct an extension of its existing water system to serve approximately 171 new customers in the Garretts Bend/Molly Branch areas in Lincoln County. (See application filed July 12, 2001).

2. By Order dated July 12, 2001, the District was required to give notice of the filing of its certificate application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Lincoln County, making due return to the Commission of proper certification of publication immediately after publication. The notice provided that anyone desiring

to make protest to the application must do so, in writing, within thirty days of said publication. (See Order dated July 12, 2001).

3. The District submitted a proper affidavit reflecting that publication had been made in accordance with the Commission's requirements in both Lincoln and Kanawha Counties, since the District explained that some of its customers are in Kanawha County. (See affidavits filed August 2, 2001).

4. On August 8, 2001, letters of protest were received to the certificate application. (See, letters filed August 8, 2001).

5. The customers in the affected area support the project since it will eliminate the iron in the water, which makes it difficult to do laundry, and it will eliminate the need to haul water for home use, since the existing water supply is undrinkable. (See Tr. pp. 17-21).

6. The residents in the project area are served by wells which are providing a poor quality of water and the residents are exposed to potential health risks from their current water sources. (Final Joint Staff Memorandum filed January 9, 2002).

7. The project funding, consisting of an RUS loan of $1,305,000, at 5.125% interest for a 40-year term, and an RUS grant of $975,000, is fully committed. (See, Final Joint Staff Memorandum filed January 9, 2002).

8. Commission Staff has recommended approval of the certificate of convenience and necessity; approval of the funding related thereto, consisting of an RUS grant of $975,000 and an RUS loan of $1,305,000; and approval of Staff's recommended rates and charges. (See Final Joint Staff Memorandum filed January 9, 2002).

9. The rate element of this case has been transferred to Case No. 01-0363-PWD-19A in order to provide notice to the public of the higher Staff-recommended rates to support the project. (See, Procedural Order entered on February 1, 2002).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The project is economically feasible, since the project funding has been committed.

3. The proposed financing of this project, consisting of a Rural Utilities Services Grant of $975,000 and an RUS Loan of $1,305,000, should be approved.

4. Under the facts and circumstances of this case and the recommendations of Commission Staff, it is reasonable to approve the application filed on July 12, 2001, and to grant the Lincoln Public Service District a certificate of convenience and necessity to undertake the construction of an extension to its existing water system to serve

approximately 171 new customers in the Garretts Bend/Molly Branch areas of Lincoln County, subject to the approval of rates adequate to support the project in Case No. 01-0363-PWD-19A.

5. The District shall notify the Public Service Commission should there be any change in the plans, scope and terms of financing of the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on July 12, 2001, by the Lincoln Public Service District be, and the same hereby is, approved and a certificate of convenience and necessity to construct and operate the project described herein shall be granted to the Applicant, conditioned, however, upon the approval of rates adequate to support this project in Case No. 01-0363-PWD-19A.

IT IS FURTHER ORDERED that the proposed financing of this project, consisting of a Rural Utilities Services Grant of $975,000 and an RUS Loan of $1,305,000, 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:mal
010151ad.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 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 Intervenors[1] 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

---

[1]Only 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 Intervenors' Petition for Reconsideration and Stay of the Public Service Commission's April 19, 2002 Order" on April 29, 2002. The District argued that the Intervenors' claim is irrelevant because the Intervenors 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 Intervenors filed their "Intervenors' 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 Intervenors' Exceptions" on May 17, 2002. The District addressed the exceptions filed by the Intervenors 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.

---

[2]This 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 Intervenors 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 Intervenors' 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 Intervenors' 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, "Intervenors' 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 intervenors' "Petition by the Intervenors for the Reconsideration of Commission Order and Stay" had not yet been ruled upon.

The "Petition by the Intervenors 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 Intervenors' 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 Intervenors 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 Intervenors 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 Intervenors 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

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 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.

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.

APPENDIX B

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.

Public Service Commission
of West Virginia

Position 5

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

COPY APR 0 5 2000

A RESOLUTION OF THE Board

OF THE Lincoln Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Water System FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Lincoln Public Service District *(Public Body)* (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE MILLION THREE HUNDRED FIVE THOUSAND AND XX / 100

pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Lincoln Public Service District

hereby certify that the Board of such Association is composed of

3 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and

held on the 30th day of March 2000 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of July 3, 2003 ,

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 3rd day of July, 2003

Sharon Ryan

Sharon Ryan

Title Secretary

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

RECEIPT FOR BOND

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the day of July 3, 2003, at Alum Creek, West Virginia, the undersigned received for the Purchaser the single, fully registered Lincoln Public Service District Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), No. AR-1, in the principal amount of $1,305,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 5.125 % per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of Lincoln Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $164,100, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 3rd day of July, 2003.

Virginia M McDonald
Authorized Representative

06/25/03
523780.99001

SPECIMEN

LINCOLN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2003 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,305,000

No. AR-1 Date: July 3, 2003

FOR VALUE RECEIVED, LINCOLN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, 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 THREE HUNDRED FIVE THOUSAND DOLLARS ($1,305,000), plus interest on the unpaid principal balance at the rate of 5.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $6,512, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, 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 Record of Advances attached hereto as a part 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 Government 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 additions, extensions and improvements to the waterworks system (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.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted July 1, 2003, authorizing issuance of this Bond (the "Resolution").

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 of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(i) WATER REVENUE BONDS, SERIES 1975, DATED NOVEMBER 3, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,056,000, AND DESCRIBED IN THE RESOLUTION;

(ii) WATER REVENUE DESIGN BONDS, SERIES 1998, DATED DECEMBER 28, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $198,016, AND DESCRIBED IN THE RESOLUTION;

(iii) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $580,429, AND DESCRIBED IN THE RESOLUTION; AND

(iv) WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $121,522, AND DESCRIBED IN THE RESOLUTION.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, LINCOLN PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

LINCOLN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: _____
Its: Chairman, Public Service Board
250 Little Coal River Road
Alum Creek, West Virginia 25003

ATTEST:

By: _____
Its: Secretary, Public Service Board

SPECIMEN

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 164,100	July 3, 2003	(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 $_____

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:

_____

06/27/03
523780.99001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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

July 3, 2003

Lincoln Public Service District
Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

Lincoln Public Service District
Alum Creek, West Virginia

United States Department of Agriculture
Parkersburg, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Lincoln Public Service District in Lincoln County, West Virginia (the "Issuer"), of its $1,305,000 Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted July 1, 2003, (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity 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 "Series 1975 Bonds"), 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"), the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated

TERRALEX® Member of the Worldwide Network of Independent Law Firms℠

August 6, 2002, issued in the original aggregate principal amount of $580,429 (the "Series 2002 A Bonds") and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of $121,522 (the "Series 2002 B Bonds") (collectively, the "Prior Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Bonds is not excluded from gross income for federal income tax purposes. 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 said State, and interest on the Bonds is exempt from personal income taxes and corporate net 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 Resolution 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON PLLC

Ronald J. Flora
ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / CLA

July 3, 2003

Lincoln Public Service District
Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

Lincoln Public Service District
Alum Creek, West Virginia

United States Department of Agriculture
Parkersburg, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Lincoln Public Service District, a public service district in Lincoln County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted July 1, 2003 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents 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 in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

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 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.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, 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, document 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.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the design, acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Lincoln County and the Public Service Commission of West Virginia, and 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 duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

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

Very truly yours,

Ronald J. Flora
Attorney at Law

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONSENT OF PRIOR BONDHOLDERS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Lincoln Public Service District in Lincoln County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Lincoln Public Service District Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of $1,305,000 and bearing interest at a rate of 5.125% per annum (the "Bonds" or the "Series 2003 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural

Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated March 7, 2000, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted July 1, 2003, authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction 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 acquisition and construction of the Project were 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.

The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on March 22, 2002 and June 27, 2002, in Case No. 01-0151-PWD-CN and Case No. 01-0363-PWD-19A, respectively, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges. The time for appeal of the Commission Orders has expired prior to the date hereof.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 A 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"), 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"), the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of $580,429 (the "Series 2002 A Bonds") and the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of $121,522 (the "Series 2002 B Bonds") (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2003 A Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bonds on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

6. 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, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Series 1975 Bond Resolution

Series 1998 Bond Resolution

Series 2002 Bond Resolution

USDA Consent to Issuance of Parity Bonds

WDA Consent to Issuance of Parity Bonds

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

County Commission Orders Creating, Consolidating and Enlarging the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Meeting to Adopt` Bond Resolution

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

Receipt of Depository Bank

7. 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:

Name	Date of Commencement of Office	Date of Termination of Office
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, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2003 are as follows:

Chairman	-	James E. Ryan
Secretary	-	Sharon Ryan

The duly appointed and acting Attorney for the Issuer is Ronald J. Flora, Esquire, of Milton, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Alum Creek, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Bonds, the amount of $164,100 was received by the undersigned Chairman, being a portion of the principal amount of Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at a rate of 5.125% per annum is payable from the date of each such advance.

The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and 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.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized or adopted at 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 particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, 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.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 1,702 bona fide full-time users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. GRANTS: As of the date hereof, the grant from the Purchaser in the total amount of $975,000 is committed and in full force and effect.

15. CONSENT OF PRIOR BONDHOLDERS: The Issuer has obtained consent from the Prior Bondholder to issue the Bonds on a parity with the Prior Bonds.

16. 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 Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. 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.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

18. 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.

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official seal of LINCOLN PUBLIC SERVICE DISTRICT on this 3rd day of July, 2003.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Attorney for Issuer

06/25/03
523780.99001

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Tony B. Kitzmiller, Registered Professional Engineer, West Virginia License No. 5656, of Haworth, Meyer, Boleyn, Inc., South Charleston, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Lincoln Public Service District (the "Issuer"), to be acquired and constructed primarily in Lincoln County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, information and belief, be constructed in general accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify, to the best of my knowledge, information and belief, that the Project is adequate for the purpose for which it was designed and that all known necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 3rd day of July, 2003.

HAWORTH, MEYER & BOLEYN, INC.

[SEAL]

G. B. Kitzmiller P.E.
Tony B. Kitzmiller, P. E.
West Virginia License No. 5656

06/24/03
523780.99001

CH561607.2

Griffith & Associates — Certified Public Accountants & Consultants

July 3, 2003

Lincoln Public Service District
Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

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 Gentlemen:

Based upon the water rates and charges set forth in the Recommendation 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 of Lincoln Public Service District (the "Issuer") as furnished to me by Haworth, Meyer & Boleyn, Inc., the consulting engineer to 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 2003 A (United States Department of Agriculture) (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, Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), 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 "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 120% 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

Michael D. Griffith, CPA
michaelgriffithcpa@msn.com
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

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 desirious 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 13/5 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,

all as shown upon a map or plat made by J. H. Milam, 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 ommissions in the prior order of the Court.

The Clerk shall enter the foregoing this the 1st day of June, 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 and [illegible] copy and transcript
from the records of my office, [illegible].
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. C.

at Page _____ By Mavis Elkins Deputy

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, 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 Hamlin 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 said

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 Districts 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 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 mor 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. 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 1931, 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 6 day of July 1963.

Book No. 23 George W. Johnson Clerk, L. C. L.

at page _____ By Teri E. 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..

C. E. Curry

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, 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 8th 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 8th 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.

[illegible]
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.

[illegible]
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, 19 63, and ending with the issue of the 5 day of June, 19 63, and was posted at the front door of the Court House of said Kanawha County, West Virginia, on the 5 day of June, 19 63

Dates Published:

June 5, 1963

Charlotte Cox

Subscribed and sworn to before me this 5 day of June, 19 63

Notary Public of Kanawha County, West Virginia

My Commission expires May 14, 1966

Printer's Fee $ 15.65

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 13A 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 2960 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 ½ mile) to a point at latitude 38 degrees 16' north and longitude 81 degrees 51' west; thence N. 20 degrees 35' 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 49' 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 7.2 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. Milam, 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 C. L. Samples
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 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 sub-division 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 ½ 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,
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 following newspapers of general circulation at Hamlin, Lincoln County, West Virginia, viz: The LINCOLN REPUBLIC and The HAMLIN DEMOCRAT, published each week, do hereby 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

A.P. Wilkinson

of The Lincoln Publishing Co.

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 sub-division 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, 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' 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,

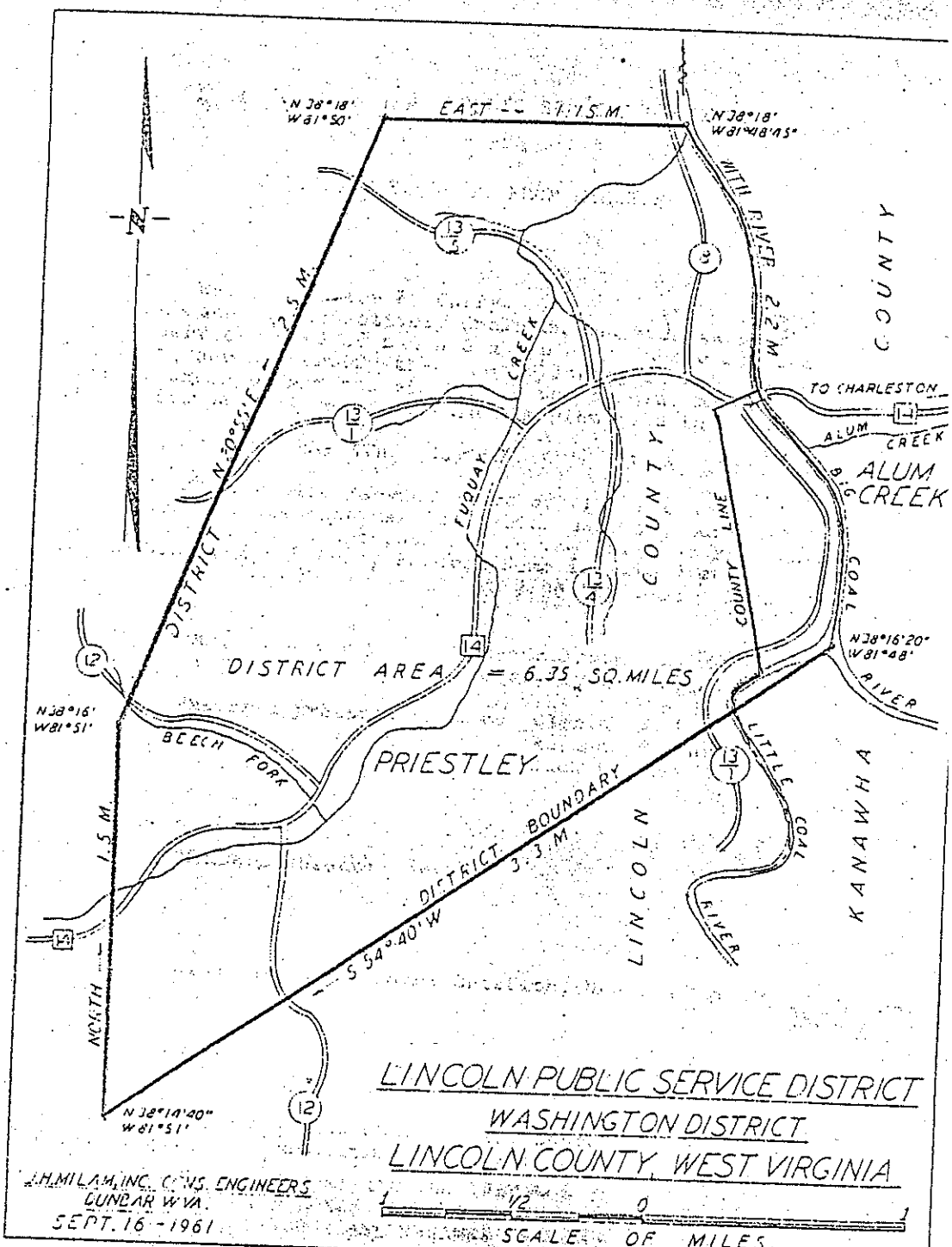
as shown upon a map or plat thereof made by J. H. Milam, Inc., a copy thereof being filed in the proceeding before the Court. A hearing upon said proposal has been set by the County Court of Lincoln County, West Virginia, the 6th day of July, 1963, at the hour of 10:00 o'clock a.m., in the County Court 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 C. L. Samples
Deputy

Paul E. Wehrle, Clerk of the County Court of Kanawha County, West Virginia



APW-W.VA.316

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.

May 27, 1963

Registered Professional Engineer, W. Va., No. 791

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 desirious 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 13/5 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,

all as shown upon a map or plat made by J. H. Milam, 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 ommissions in the prior order of the Court.

The Clerk shall enter the foregoing this the 1st day of June, 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, [illegible].
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 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, 1998.

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. 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, all within Washington Magistrial 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 Chapter16 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:

C.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
TO WIT:
COUNTY OF LINCOLN

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° 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,

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 31° 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 Feburary 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 condusive 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 condusive 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 int 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 orde

(c) The purposes of said Public Service District, as consolidate 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 tha forty days nor less than twenty days from the date of this action, at th 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 terrirories 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 Count West Virginia, upon its own motion, proposes to consolidate Lincoln Pub Service District and McCorkle-Griffithsville Public Service District in to 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 pro vide 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 con solidation 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° 49' 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 Feburary 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 inthe branch of Big Coal River and Little Coal River, said point being a point in t he 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 distirct 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 Distric boundary N 45° 30' E, 1.58 milesto 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 Lincol Public Service District's boundary N 20° 55' E, 2.50 miles to a poi 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 Distr Lincoln County, West Virginia asshown 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 propert in said existing Public Service Districts, or inthe areas proposed to be included in the consolidation, ar e hereby notified that the County Commission of Lincoln County, West Virginia, will conduct a public heari on the 19th day of December, 1975, at 10 o'clock A. m., at t 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 Feburary 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AND McCORKLE-GRIFFITHSVILLE PUBLID 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' 03"; 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 inthe 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' 26"; 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 milesto a point; thence with the original distric boundary E, 0.66 miles to a point; thence with the original distric 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 t 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 Distric

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° 49' 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 Feburary 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 inthe 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 distirct 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 31° 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 Distric Lincoln County, West Virginia asshown 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 inthe areas proposed to be included in the consolidation, ar e 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 Feburary 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF
LINCOLN PUBLIC SERVICE DISTRICT
AND McCORKLE-GRIFFITHSVILLE PUBLID 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' 0"; 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 inthe 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 milesto 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 southerely 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 orginal 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 os situated that the construction or acquisition by purchase or other wise 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 covenience of such area.

Adopted by the County Commission of Lincoln County, West Virginia on this the 19 day of December, 1975.

Andrew J. Stollings
President

Ira W. Frye
Commissioner

Louis Abraham
Commissioner

Attest:

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 19th day of December, 1975.

Given under my hand and seal this the 19th day of December, 1975.

George W. 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

Charlotte Cox

Notary Public of Kanawha County, West Virginia

My Commission expires January 15, 1980

Printer's Fee $ 98.91

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° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction, 2.09 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' 07"; 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, 0.68 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' 18"; 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° 46' 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 the 1st day of November, 1975.

Signed:
George Johnson
Clerk of the County Commission of Lincoln County, West Virginia

1-26-75,b)-

(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 herby 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 ½ 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 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 longituoe 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' 28"; 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

Affidavit of Publication

Copy

STATE OF WEST VIRGINIA,
COUNTY OF LINCOLN, to wit:

I, E. M. Brewer, publisher ~~partner~~, 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 duly published in said newspaper once a week for one (1) successive weeks (Class I), commencing with the issue of the 26th. day of Nov., 19 75, 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 10th day of Dec., 19 75.

My commission expires June 27, 1976.

Dorothy R. Clark
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:

	Place	Address
1.	Riverside Restaurant	Alum Creek, West Virginia
2.	Burton Exxon	Alum Creek, West Virginia
3.	Fas Check Market	Alum Creek, West Virginia
4.	Pauley's Grocery	Alum Creek, West Virginia
5.	Mid-way Barbar Shop	Alum Creek, West Virginia

which five places are conspicuous places within the area described in the within notices as Lincoln Public Service District.

Robert V. Price
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:

	Place	Address
1.	Osborn Company, Inc. (Mercantile)	Griffithsville, West Virginia
2.	U. S. Post Office	Griffithsville, West Virginia
3.	U. S. Post Office	Sumerco, West Virginia
4.	U. S. Post Office	Yawkey, West Virginia
5.	Big S Super Market	Yawkey, West Virginia

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.

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:

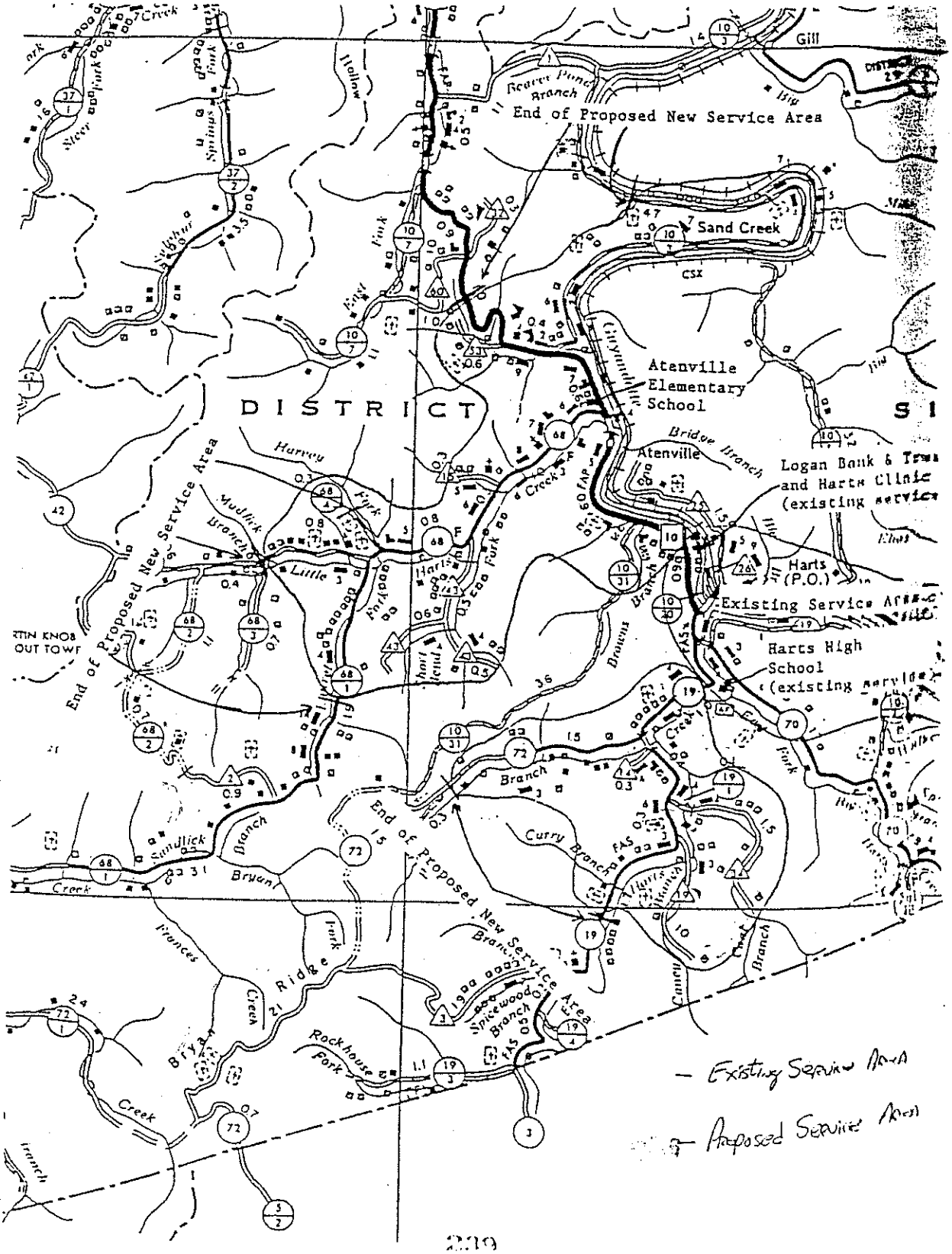
CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

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


End of Proposed New Service Area
Sand Creek
Atenville Elementary School
DISTRICT
Atenville
Logan Bank & Trust and Harts Clinic (existing service
Harts (P.O.)
Existing Service Area
Harts High School (existing service)
End of Proposed New Service Area
End of Proposed New Service Area
Harvey Fork
Mudlick Branch
Little Harts Fork
Bridge Branch
Browns Branch
Curry Branch
Sandlick Branch
Bryant Creek
Frances Creek
Bryan Ridge
Rockhouse Fork
Spicewood Branch
Caney Branch
Gill
Beaver Pond Branch
Big
Hollow
Springs Fork
Sulphur
Steer Fork
Creek
Existing Service Area
Proposed Service Area

ORIGINAL

ENTERED
OB 98F 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 statue, 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-Griffithsville 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

J. D. Catalano

Kelly L Castleberry

Thomas L. Black

Approved By:

County Attorney

A True Copy From The Record
JACK L. PAULEY, CLERK
By Sandra K Rabel
Deputy

KANAWHA COUNTY

NOTICE OF FILING AND 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 26th day of Nov., 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° 42' W, and running; thence S 54° 40' W 3.3 miles to a point 2960 feet south of West Virginia Primary Route 16 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 16 at ½ mile) to a point at latitude 38° 16' N and longitude 81° 53' W; thence N 20° 55' E, 2.3 miles, crossing West Virginia Secondary Route 12, 13/3 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 16; 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, all as shown upon a map or plant made by J.H. Miller, Inc., dated September 16, 1961.

METES AND BOUNDS OF McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT AS ORIGINALLY CREATED

BEGINNING at a point in Secondary Route 1446 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' 33"; thence N 15° 00' W 2.0 miles to a point having a latitude of N 38° 13' 32" and longitude W 81° [illegible] thence S 31° 30' W 0.45 miles to a point having a latitude of N 38° 11' 35" and longitude W 81° 56' 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° 59' 28"; thence W 0.2 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 7.55 miles to a point having a latitude N 38° 14' 31" and a longitude W 81° 52' 26") thence S 68° 00' E 1.6 miles; thence N 69° 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. Miller, Inc., Consulting Engineers, 1216 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 3.38 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 1.75 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 1.00 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' 52" and a longitude of W 81° 52' 49"; thence with the original district boundary S 31° 32' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 54' 37"; thence with the original district boundary N 45° 00' W, 3.66 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 0.76 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, 0.78 miles to a point thence with the original district boundary N 20° 00' E, 1.43 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 1.48 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, 1.66 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' 09" 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, 2.30 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 S, 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 25.47 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. Miriam, 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 17th 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 the 26th day of Nov. 1975.

Jack Paisley
Clerk of the County Commission of Kanawha County, West Virginia

By _____

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.

MEMBERS	PRESENT	ABSENT
DONALD C. WHITTEN, CLERK	X	
CHARLES S. MCCANN, PRESIDENT	X	
BUSTER STOWERS, COMMISSIONER	X	
DOUG WALDRON, COMMISSIONER	X	
JACKIE STEVENS, PROSECUTING ATTY	X	

I. CALL TO ORDER

THE PUBLIC HEARING WAS CALL TO ORDER BY JUDY JOHNSON

II. DISCUSSION OF CONCERN

BRANCHLAND-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.

MEMBERS	PRESENT	ABSENT
DONALD C. WHITTEN, CLERK	X	
CHARLES MCCANN, PRESIDENT	X	
BUSTER STOWERS, COMMISSIONER	X	
DOUG WALDRON, COMMISSIONER	X	
JACKIE STEVENS, PROSECUTING ATTY		X

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 BRANCHLAND-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 DUVALL 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 OFFICER/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

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 SERVICE.

MOTION BY **CHARLES MCCANN** SECOND BY **DOUG WALDRON**
TO SEND A LETTER TO THE LINCOLN COUNTY AMBULANCE AUTHORITY REQUESTING NAMES TO APPOINT TO THE LINCOLN COUNTY AMBULANCE AUTHORITY.

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 ENFORCEMENT SALARY & WAGES IN THE AMOUNT OF $10,000.00 TO HIRE A COUNTY 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 SERVER 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

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.

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 ADMINISTRATRIX 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 COMPUTER TO PRODUCE MONTHLY BUDGET CONTROL REPORTS

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 RECOMMENDATION 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: **BRANCHLAND-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 BRANCH-LAND-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
CHARLES S. MCCANN, PRESIDENT

Buster Stowers
BUSTER STOWERS, COMMISSIONER

Douglas Waldron
DOUG WALDRON, COMMISSIONER

CERTIFIED TO BE A TRUE COPY

TESTE: Donald C. Whitten
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: Donald C. Whitten

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 intersecton 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 whit:

OATH OF OFFICE

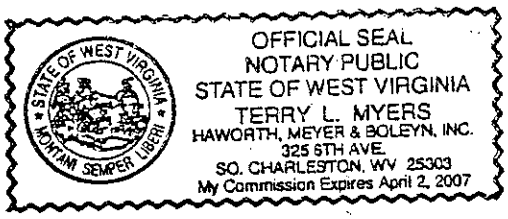
I, James E. Ryan, hereby swear and affirm that I will faithfully and loyally discharge my duties as a member of the Public Service Board of Lincoln Public Service District, Lincoln County, West Virginia, to the best of my ability, so help me God.

James E. Ryan

Signed before me by James E. Ryan this 28th day of December, 1998, in Lincoln County, West Virginia.

Terry L. Myers
Notary Public

SEAL



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

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERRY L. MYERS
HAWORTH, MEYER & BOLEYN, INC.
325 6TH AVE.
SO. CHARLESTON, WV 25303
My Commission Expires April 2, 2007

April 2, 2007
My Commission Expires

State of West Virginia

County of Lincoln, to whit:

OATH OF OFFICE

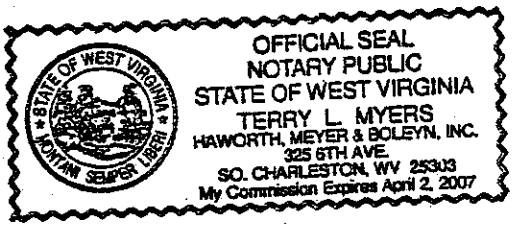
I, Billy K. Wright, hereby swear and affirm that I will faithfully and loyally discharge my duties as a member of the Public Service Board of Lincoln Public Service District, Lincoln County, West Virginia, to the best of my ability, so help me God.

Billy K. Wright

Signed before me by Billy K. Wright this 28th day of December, 1998, in Lincoln County, West Virginia.

Terry L. Myers
Notary Public

SEAL



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 finds 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

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; plus our internet site **www.lincolnjournal.com** where your legal advertisement appeared at no extra cost to you; that such paper 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, the Municipality of Hamlin, Lincoln County, West Virginia; that such newspaper is 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 is circulated to the general public at a definite price or consideration; that such newspaper is newspaper 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 Public Hearing Of The Public Service Board Of Lincoln Public Service District To Adopt Bond Resolution

was duly published in said newspaper once a week for **1** week(s), commencing with the issue **18th** day of **June** and ending with the issue of the **18th** day of **June 2003**, that said annexed notice was published on the following date(s): **June 18, 2003** and the cost of publishing the annexed notice as aforesaid was **$61.71.**

Thomas A Robinson, Publisher

Taken, subscribed and sworn before me in my said county this **23rd** day of **June** 2003.

Official Seal
Notary Public, State of West Virginia
Patty Robinson
P.O. Box 308
Hamlin, WV 25523
My commission expires October 4, 2005

Patty Robinson, Notary Public of Lincoln County, West Virginia.
My commission expires **October 4, 2005.**

P.O. Box 308 • 328 Walnut Street • Hamlin, WV 25523
(304) 824-5101 ~ FAX (304) 824-5210 ~ E-Mail: LincolnJournal@zoominternet.net

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF LINCOLN PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the Lincoln Public Service District (the "District") will be held to consider and adopt the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Tuesday, July 1, 2003, at 9:30 a.m., prevailing time, at the District's offices at 250 Little Coal River Road, Alum Creek, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM 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 $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2003 A (GARRETTS BEND/MOLLY BRANCH) (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District, and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the special meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: June 18, 2003.

/s/ Sharon Ryan
Secretary

SEE TAB NUMBER 21

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2003 A
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ORGANIZATIONAL MEETING
AND ADOPTION OF BOND 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 the said Public Service Board:

*** *** ***

The Public Service Board of Lincoln Public Service District met in special session, pursuant to notice duly posted, on the 1st day of July, 2003, in Alum Creek, West Virginia, at the hour of 9:30 a.m.

PRESENT:	James E. Ryan	-	Chairman and Member
	M. P. McKinney	-	Member
ABSENT:	Billy K. Wright	-	Member

James E. Ryan, 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 Board held its organizational meeting for the calendar year of 2003. The officers are as follows:

Chairman	-	James E. Ryan
Secretary	-	Sharon Ryan

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS,

IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM 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 $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

Thereupon, the Chairman presented a proposed resolution to approve the inspector proposed by the Consulting Engineer. Thereupon, on motion duly made by Mr. McKinney and seconded by Mr. Ryan, it was unanimously ordered that the inspector proposed by the Consulting Engineer was approved.

Thereupon, the Chairman presented a proposed resolution to approve an addendum to the contact with Michael Griffith & Associates for accounting services. Thereupon, on motion duly made by Mr. McKinney and seconded by Mr. Ryan, it was unanimously ordered that the addendum to the contract with Griffith & Associates was approved.

Thereupon, the Chairman presented a proposed resolution to approve the first draw from the proceeds of the Series 20003 A Bonds and the payment of the invoices comprising such draw. Thereupon, on motion duly made by Mr. McKinney and seconded by Mr. Ryan, it was unanimously ordered that the first draw from the proceeds of the Series 2003 A Bonds and the payment of the invoices comprising such draw was approved.

*** *** ***

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 further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this July 3, 2003.

Sharon Reyo
Secretary

06/27/03
523780.99001

CH561624.1

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

NEW ISSUE REPORT FORM

Date of Report: July 3, 2003

ISSUE: Lincoln Public Service District Water Revenue Bonds, Series 2003 A (United States Department of Agriculture)

ADDRESS: 250 Coal River Road, Alum Creek, West Virginia 25300 COUNTY: Lincoln

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 3, 2003 CLOSING DATE: July 3, 2003

ISSUE AMOUNT: $ 1,305,000 RATE: 5.125%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: Issuer

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: ____
Contact Person: ____
Phone: ____

CLOSING BANK: Community Trust Bank
Contact Person: Judy Conway, Manager
Phone: (304) 756-3317

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Charles Holbrook
Position: General Manager
Phone: (304) 756-2141

OTHER: United States Department of Agriculture
Contact Person: Virginia McDonald
Function: Rural Development Specialist
Phone: (304) 420-6666

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: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will hold the Series 2003 A Bonds Reserve Account. Payments to the Series 2003 A Bonds Reserve Account will commence within 24 months of July 3, 2003.

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.

USDA

RURAL
UTILITIES
SERVICE

P.O. Box 303
Parkersburg, WV 26102
Telephone 304-420-6666
TTY/TDD 304-284-4836
Fax 304-420-6876

United States
Department of
Agriculture

Rural Development

June 11, 2003

FILE COPY

James E. Ryan, Chairman
Lincoln Public Service District
P.O. Box 38
Alum Creek, WV 25003-0038

Dear Mr. Ryan:

The pre-closing for the District's RUS loan will be held on July 1, 2003, at 9:30 AM in the Lions Club on Lower Coal River Road in Alum Creek, West Virginia. The preconstruction conference will follow at 11:00 AM. The official loan closing date for the District's Miscellaneous Water Extension Project will be July 3, 2003.

Reference is made to our Letter of Conditions dated March 7, 2000. All of the requirements of this letter must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The District's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated July 3, 2003.

2. The District's attorney must furnish a Form RD 1927-10,"Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the District. The opinion(s) should be dated July 3, 2003.

3. The District's engineer must provide a resume of the proposed inspector(s).

4. The District must provide a letter accepting the proposed inspector(s).

5. The permit(s) from the West Virginia Department of Highways must be on hand at the closing. The District should proceed to obtain the necessary bond and forward same to the WVDOH requesting the permit(s) be issued.

6. The RUS loan of $1,305,000 will be closed utilizing an interest rate of 5.125%. This results in a payment of $6,512.00/month. The District must establish and fund monthly a debt service reserve account and a depreciation reserve account in accordance with your bond documents. These reserve accounts together must equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into each account until an annual debt payment has been accumulated. Thereafter, the entire ten percent (10%) will be deposited into the depreciation reserve account.

USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer.
Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights,
Washington, D.C. 20250-9410.

Please note: The interest rates are subject to change for the quarter beginning July 1, 2003. We will contact you as soon as we receive notification from our National Office.

7. The District must provide evidence that it has acquired insurance and bond coverage in accordance with Item 11 of the Letter of Conditions.

8. The District must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

VIRGINIA M. McDONALD
Rural Development Specialist

cc: State Director
USDA-Rural Development
Morgantown, WV

Tony B. Kitzmiller, P.E.
HMB Professional Engineers, Inc.
Wheeling, WV

Michael D. Griffith, CPA
Alum Creek, WV

John Stump, Esquire
Steptoe and Johnson
Charleston, WV

Ronald J. Flora, Esquire
Milton, WV

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

March 7, 2000

Murrel P. McKinney, Chairman
Lincoln Public Service District
P. O. Box 38
Alum Creek, WV 25003

Dear Mr. McKinney:

The letter, with Attachments 1 through 12 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $1,305,000, an RUS grant in the amount of $975,000, for a total project cost of $2,280,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)
Attachment No. 2 - Water and Waste Processing Checklist (All copies)
Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
Attachment No. 4 - RUS Instruction 1780. Subpart C (Engineer Copy)
Attachment No. 5 - RUS Instruction 1780. Subpart D (Attorney and Bond Counsel Copies)
Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
Attachment No. 9 - RUS Bulletin 1780-30. "Water Programs Audit Guide and Compliance Supplement"
Attachment No.10 - Water Users Agreement (Applicant and Attorney Copies)
Attachment No.11 - Declination Statement (Applicant and Attorney Copies)
Attachment No.12 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable: however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5.125% interest rate and a monthly amortization factor of 0.00499, which provides for a monthly payment of $6,512. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

   You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing water revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 1702 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 137 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the District's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of $100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the District should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. For your convenience, Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner and Engineer for Professional Services" may be used to obtain the services of an engineer. A copy of Form RD 1942-19 is attached hereto. The EJCDC document is issued under copyright and cannot be provided by RUS.

6. Legal Services - You must obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.

7. Accounting Services - You must obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

   b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

   The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

   RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements for your District. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) and RUS Bulletin 1780-30 (Attachment No. 9) outline audit requirements. You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your

existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.

e. On the day of loan closing, the District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the District has already acquired real property(s) (land or facilities), the District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- State Department of Health
- Department of Environmental Protection
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A

copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

    a. Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

    b. Workers' Compensation - In accordance with appropriate State laws.

    c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

    d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

        (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

        (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

    e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).

(2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the District and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review.

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your District, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds

must be remitted promptly, at least quarterly, to the Rural Utilities Service. The District must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

15. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"
Form RD 1940-1 - "Request for Obligation of Funds"
RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
Form RD 400-1 - "Equal Opportunity Agreement"
Form RD 400-4 - "Assurance Agreement"
Form AD 1047 - "Certification Regarding Debarment - Primary"
Form AD 1049 - "Certification Regarding Drug-Free Workplace"
Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)

16. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

17. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and
Environmental Programs
Washington, DC

Rural Development Specialist
Parkersburg, WV

Michael D. Griffith, CPA
P. O. Box 514
Alum Creek, WV 25003-0514

Susan J. Riggs, Esquire
Spilman, Thomas, Battle, PLLC
P. O. Box 273
Charleston, WV 25321-0273

Haworth, Meyer and Boleyn, Inc.
325 Sixth Avenue
South Charleston, WV 25303

Attachment No. 1 to Amended Letter of Conditions
For: Lincoln Public Service District
Date: March 7, 2000

Project Construction Budget

Project Costs	RUS Grant	RUS Loan	Total
Construction	$ 723,500	$ 886,800	$ 1,610,300
Construction Contg.	71,900	88,100	160,000
Land and Rights	2,200	2,800	5,000
Legal & Admin. Fees	4,500	5,500	10,000
Engineering Fees	105,600	129,400	235,000
Basic $116,000			
Insp. 94,000			
Spec. 25,000			
Bond Counsel	6,700	8,300	15,000
Interest		110,000	110,000
Office Building	45,000	55,000	100,000
Project Contg.	15,600	19,100	34,700
TOTALS	$975,000	1,305,000	2,280,000

Rates - Available for general domestic, commercial and industrial service.

First	3000	gals. @	6.35	per M gals.
Next	3000	gals. @	6.11	per M gals.
Next	4000	gals. @	5.58	per M gals.
Next	10000	gals. @	5.16	per M gals.
Next	30000	gals. @	4.47	per M gals.
Next	---	gals. @	---	per M gals.
Over	50000	gals. @	3.35	per M gals.

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 - $	19.05	per month
3/4" meter - $	28.58	per month
1" meter - $	47.63	per month
1 1/2" meter - $	95.25	per month
2" meter - $	152.40	per month
3" meter - $	285.75	per month
4" meter - $	476.25	per month
6" meter - $	952.50	per month

(Minimum Monthly Bill $ 19.05 for 3000 gallons)

Use and Income Analysis
Residential & Commercial

Blocking		Number of Bills	M Gallons	$19.05 Minimum Rate	First 3,000	Next 3,000	Next 4,000	Next 10,000	Next 30,000	Over 50,000	Calculated Revenue
- 3,000	5/8 inch meter @ $ 19.05	7,607	12,386	144,913							
- 29,180	2 inch meter @ $152.40	44	483	6,705.60							
3,001 - 6,000		8,926	39,796		26,778	13,018					
6,001 - 10,000		2,942	21,931		8,826.00	8,826.00	4,279.00				
10,001 - 20,000		735	9,506		2,205.00	2,205.00	2,940.00	2,156.40			
20,001 - 50,000		134	3,837		402	402	536	1,340.00	1,157.10		
Over 50,000		45	3,612		135	135	180	450	1,350.00	1,362.30	
Totals		20,433	91,552.50		38,346	24,586	7,935.00	3,946.40	2,507.10	1,362.30	
Present Rates					6.35	6.11	5.58	5.16	4.47	3.35	
Going Level Revenues				151,618	243,497	150,220	44,277	20,363	11,207	4,564	625,746

Budget

Income		$ 625,746
Expenses		
O & M	$ 430,000	
*Debt Service	165,699	
**Debt Service Reserve	10,624	
***Depreciation Reserve	19,125	
		$ 625,448
Balance and Depreciation		$ 298

Operating and Maintenance Expenses

Pumping Expenses	$ 100,000
Water Treatment	80,000
Transmission and Distribution	120,000
Customer - Accounts	25,000
Administration and General Expense	105,000
TOTAL	$ 430,000

*Existing Debt Service -	$	87,555
Proposed Debt Service -		78,144
Total Debt Service -		165,699

** Existing Debt Service Reserve	$	6,717
Proposed Debt Service Reserve		3,907
Total Debt Service Reserve		10,624

*** Existing Depreciation Reserve	$	15,218
Proposed Depreciation Reserve		3,907
Total Depreciation Reserve		19,125

Attachment No. 2 to Letter of Conditions
For: Lincoln Public Service District
Date: March 7, 2000

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
SF 424.2	Application for Federal Assistance	3	1780.31(b)	App.		Have	3
	Public Notice of Intent to File App. / Environ. Notice	1	1780.19(a) 1940-G	App.		Have	3
	Regional Planning & Development Council Review	2	1780.33(b)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1780.33(b)	App.		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Eng.		Have	6
	Bond Ordn. or Resol. on Outstanding Debts	1	1780.33(e)	App./Atty.		Have	2
	Bonds or Notes Outstanding Debts	1	1780.33(e)	App./Atty.		Have	2

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Audit for last year of operation	1	1780.33(e)	App./Acct.		Have	1
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	App.			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.			5
RD 1940-20	Request for Env. Info/ Attachments	2	1780.33(f)	App./Eng.		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	App.		Have	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	App.			2
	Env. Assess-ment for Class II Actions (Exhibit H, 1940-G)	2	1940-G	RUS/Eng.		Have	3
	Site Visit		S.I. 1780-2	RUS		Have	3
	Statement from Historical Preservation Office	2	Exhibit H 1940-G	App.		Have	3

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Comments from Dept. of Commerce, Labor & Environ. Resources (DEP)	2	Exhibit H 1940-G	App.		Have	3
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	Exhibit H 1940-G	App.		Have	3
	Comments from U.S. Forest Service (Wild & Scenic Rivers)	2	Exhibit H 1940-G	App.		Have	3
	Farmland Conversion Impact Rating	1	Exhibit H 1940-G	RUS/ NRCS		Have	3
	FEMA Standard Flood Hazard Determination	2	1940-G	RUS/Eng.		Have	3
	Civil Rights Impact Analysis Certification	2	1940-G	RUS/Eng.		Have	3
	FONSI / Evidence of Publication	1	Exhibit 1 RD 1940-G News Ad	RUS/App.		Have	3
	Copy of Existing Rate Tariff	2	1780.33	App.		Have	8
	Applicant's IRS Tax Number (TIN)	1	1780.33(g)	App.		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Staff Engineer PER Review	1	1780.33(c)	RUS			6
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
	Bill Analysis for existing system(s)	2	1780.33(c)	App./Eng.		Have	8
	Projected Bill Analysis for New Users	2	1780.33(c)	App./Eng.		Have	8
	Statement reporting the total number of potential users		1780.33(c)	App./Eng.		Have	8
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	App./Eng.		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	App./Atty.		Have	5
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	App./ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	App./Acct.			5
	Documentation on Service Area	1	1780.11	RUS		Have	3

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Relationships/ Associations with Agency Employees	1	1780.1(f)				3
Auto. Form	Grant Determination	3	1780.35(b)	RUS			2
RD 1942-45	Project Summary	3	1780.41(a)	RUS			1
RD 442-7	Operating Budget	3	1780.33(h)	App.			3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		Have	2
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	App.			3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/App.			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/App.			2

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Water Users Agreement (Copy)	1	1780.39(c)	App.			5
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	App.			5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea.	1780.33(h)	All Appropriate Vendors			5
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	App.			3
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	App.			Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statements Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	5. Having Users Agreements and Declination Statements Available		LOC	App.			
	6. Certification Relative to Existing Users	1	LOC	App.			5
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	App.			5
	Verification of Users	1	1780.44(b)	RUS			3
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Eng.			Sep. File
	Deeds and/or Options		1780.44(g)	App./Atty.			
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
	Narrative Opinion from Attorney	1	1780.44(g)	Atty.			5

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Atty.			5
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	App.			5
	Copy of PSC Rule 42 Exhibit	1	State	Atty./Acct.			3
Lender Agrmnt/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	App./RUS			1
RD 400-1	Equal Opportunity Agreement	1	1901-E	App.			6
RD 400-4	Assurance Agreement	1	1901-E	App.			3
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Sep. File
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
	DOH Permit	1	1780.15(d)	App.			6
	Public Land Corp. Permit	1	1780.15(d)	App.			6
	Contract Documents, Plans and Specifications	2		Eng.			Sep. File

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Dept. of Health Approval	1	1780.15(d)	Eng.			6
400-8	Comp. Review	1	1901-H 1901.204	RUS			5
1924-16	Record of PreConstruction Conference	1	1780.76(a)	RUS/Eng.			6
	Bid Tabulation	1	1780.61(b)	Eng.			6
	Resume' of Inspector	1	1780.76(c)	Eng.			6
	Liability Insurance		1780.39(g)	App.			7
	Workers' Compensation Certificate	1	1780.39(g)	App.			7
	Flood Insurance Policy	1	1780.39(g)	App.			7
440-24	Fidelity Bond	1	1780.39(g)	App.			7
	OGC Final Opinion	1	1780.45(g)	RUS			5

APR 0 5 2000

RUS Bulletin 1780-12

COPY

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated March 30, 2000, between

Lincoln Public Service District
a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of $ 2,280,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 1,305,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 1,305,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 975,000 or 45 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 45 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

Approximately 65,000 LF of various size waterlines, a 100,000 gallon water storage tank, a 20,000 gallon water storage tank, a booster station and other necessary appurtenances to provide water service to a potential of 171 families in the Garretts Bend/Molly Branch areas of Lincoln County, West Virginia.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not held accountable for interest earned grant funds pending their

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees: ***[Revision 1, 11/20/1997]***

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award. ***[Revision 1, 11/20/1997]***

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $ 975,000 which it will advance to Grantee to meet not to exceed 45 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that tne continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

Lincoln Public Service District

By M P McKinney
Murrel P. McKinney
(Title) Chairman

By James E. Ryan
James E. Ryan
(Title) Secretary

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Virginia M McDonald Rural Development Specialist
Virginia M. McDonald (Title)

July 3, 2003