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LINCOLN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: JULY 13, 2006

BONDS TRANSCRIPT

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LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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LINCOLN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $576,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 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, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer, consisting of extension of water service into the Pine Grove / Priestly Ridge areas of Lincoln County by construction approximately 36,000 linear feet of eight inch water line and smaller diameter water line, one storage tank, one booster pumping station, a radio telemetry system, and fire hydrants, together with all related appurtenant facilities (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.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction 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 Bonds, Series 2006 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of $576,000 (the "Series 2006 A Bonds"), to permanently finance a portion of the costs of acquisition and construction 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 property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2006 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A 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 2006 A 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 2006 A Bonds be sold to the Authority pursuant to the terms and provisions of a 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.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, which obligations are 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"), 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"), and Water Revenue Bonds, Series 2003 A (United States Department of Agriculture) dated July 3, 2003 issued in the original aggregate principal amount of $1,305,000 (the "Series 2003 A Bonds" and, collectively with the Series 1975 Bonds, Series 1998 Bonds, Series 2002 A Bonds, and Series 2002 B Bonds, the "Prior Bonds").

The Series 2006 A 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 respects. Prior to the issuance of the Series 2006 A 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 are met, and (ii) the written consent of certain of the Holders of the Prior Bonds to the issuance of the Series 2006 A 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.

H. The estimated revenues to be derived in each year following 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, if any, on the Series 2006 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and 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 2006 A Bonds or such final order will not be subject to appeal or rehearing.

J. 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 2006 A 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 2006 A 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 2006 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any 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 2006 A 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 2006 A Bonds for all or a portion of the proceeds of the Series 2006 A 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 HMB Professional Engineers, Inc., Frankfort, Kentucky, 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 acquisition and construction of the Project.

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

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

"Grants" means all monies received by the Issuer on account of any Grant for the Project.

"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)© 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.

"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 2006 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2006 A 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 2006 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

"Outstanding," when used with reference to Bonds 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 2006 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1975 Bonds, Series 1998 Bonds, Series 2002 A Bonds, Series 2002 B Bonds and Series 2003 A Bonds.

"Prior Resolutions" means, collectively, the resolutions adopted by Lincoln Public Service District, authorizing the Prior Bonds and hereby assumed by the Issuer.

"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.

"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.

"Repair and Replacement Fund" means the Repair and Replacement Fund continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2006 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"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 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 2002 A Bonds" means the Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer as described in Section 1.02G hereof.

"Series 2002 B Bonds" means the Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), of the Issuer as described in Section 1.02G hereof.

"Series 2003 A Bonds" means the Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), of the Issuer as described in Section 1.02G hereof.

"Series 2006 A Bonds" means the Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established in the Series 2006 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2006 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2006 A Bonds in the then current or any succeeding year.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A 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 2006 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2006 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Repair 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 also include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks systems from any sources whatsoever.

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

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

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 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 $1,810,215, 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 2006 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 acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the project is estimated not to exceed $1,810,215 of which not more than $576,000 will be obtained from the proceeds of the Series 2006 A Bonds. The project also has a $1,143,215 Small Cities Block Grant, a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $51,000 and a contribution from the Issuer in the amount of $40,000.

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 2006 A Bonds, funding the Reserve Account for the Series 2006 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2006 A 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 2006 A Bonds of the Issuer. The Series 2006 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)," in the principal amount of $576,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2006 A Bonds remaining after funding of the Series 2006 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2006 A Bonds, if any, shall be deposited in or credited to the Series 2006 A 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 2006 A 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 quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2006 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2006 A 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 2006 A 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 2006 A Bonds. The Series 2006 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2006 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 3.04. Authentication and Registration. The Bond Registrar for the Series 2006 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2006 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the 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 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 2006 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2006 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2006 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2006 A 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 2006 A 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 2006 A Bonds or transferring the registered Series 2006 A Bonds are exercised, all Series 2006 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2006 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2006 A 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 Series 2006 A Bonds or, in the case of any proposed redemption of Series 2006 A 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 2006 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2006 A 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 2006 A Bonds shall ever have the right to

compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2006 A Bonds or the interest, if any, 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 the Series 2006 A 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, if any, on and other payments for the Series 2006 A 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 2006 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2006 A 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 2006 A 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 2006 A 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 2006 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2006 A 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 2006 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $576,000

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIVE HUNDRED SEVENTY-SIX THOUSAND DOLLARS ($576,000), 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, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 13, 2006.

This Bond is issued (I) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system 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 system 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on July 10, 2006, and a Supplemental

Resolution duly adopted by the Issuer on July 10, 2006 (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 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"), 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"), AND THE WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 3, 2003 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,305,000 (THE "SERIES 2003 A BONDS" AND, COLLECTIVELY WITH THE SERIES 1975 BONDS, SERIES 1998 BONDS, SERIES 2002 A BONDS, AND SERIES 2002 B BONDS, 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 monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2006 A 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 an 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 monies in the Series 2006 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 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 2006 A 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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 _____, 2006.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: _____, 2006.

THE HUNTINGTON NATIONAL BANK,
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

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 Agreement. The Series 2006 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created 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; and

(3) Series 2006 A Bonds Construction Trust Fund.

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

(1) Series 2006 A Bonds Sinking Fund; and

(2) Series 2006 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner 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 remit to the National Finance Office and the Commission, as applicable, the amounts required to pay interest on the Prior Bonds, as required by the Prior Resolutions.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (I) remit to the National Finance Office and the Commission, as applicable, the amounts required to pay principal of the Prior Bonds, as required by the Prior Resolutions; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2006 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (I) remit to the Depository Bank, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Prior Bonds; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, if not fully funded upon issuance of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2006 A Bonds Reserve Requirement, until the amount in the Series 2006 A Bonds Reserve Account equals the Series 2006 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2006 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2006 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, the amounts required by the Prior Resolutions and a sum equal to 2 ½% of the Gross Revenues each month, 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.

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 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2006 A Bonds as the same shall become due. Monies in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2006 A Bonds as the same shall come due, when other monies in the Series 2006 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 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 2006 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 payment, if any, due on the Series 2006 A Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2006 A Bonds Reserve Account which result in a reduction in the balance therein to below the Reserve Requirement 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 2006 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2006 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, 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 Series 2006 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account 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 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2006 A Bonds 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 2006 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, 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 Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties 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.

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by 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. 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 monies received from the sale of the Series 2006 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2006 A Bonds, there shall first be deposited with the Commission in the Series 2006 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2006 A Bonds for the period commencing on the date of issuance of the Series 2006 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2006 A Bonds, there shall be deposited with the Commission in the Series 2006 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2006 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2006 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2006 A Bonds Construction Trust 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 2006 A 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 2006 A Bonds shall be applied as directed by the Council.

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.

Section 6.02. Except as provided in Section 6.01 hereof, disbursements from the Series 2006 A Bonds Construction Trust Fund 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.

The Issuer shall expend all proceeds of the Series 2006 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2006 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2006 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A 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 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2006 A Bonds or the interest, if any, 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 2006 A 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, if any, on and other payments for the Series 2006 A 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 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 Final Order of the Public Service Commission of West Virginia entered May 6, 2006, in Case No. 04-1046-PWD-CN, and such rates are hereby adopted.

So long as the Series 2006 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth

in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2006 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2006 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2006 A Bonds, immediately be remitted to the Commission for deposit in the Series 2006 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2006 A Bonds. Any balance remaining after the payment of the Series 2006 A Bonds and interest, if any, 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund 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 2006 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2006 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2006 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2006 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2006 A 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. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2006 A Bonds.

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

So long as the Series 1975 Bonds and 2003 A 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 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Prior 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, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2006 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2006 A Bonds.

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

(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 2006 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2006 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall 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. Prior to the issuance of the Series 2006 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. 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

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 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 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 2006 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2006 A 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.

any year for payment of principal of and interest, if any, on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2006 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2006 A 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 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A 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 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 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.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority

and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction 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 and the Council covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the 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 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 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. 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. Except as required by law, 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 Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $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 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 Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, 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 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 has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the 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 2006 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 2006 A Bonds during the term thereof is, under the terms of the Series 2006 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 2006 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 2006 A Bonds during the term thereof is, under the terms of the Series 2006 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 2006 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 2006 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 2006 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 2006 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take 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 2006 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 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2006 A Bonds and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction 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; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2006 A 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any 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. 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 2006 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2006 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2006 A Bonds as a condition to issuance of the Series 2006 A Bonds. In addition, the Issuer covenants (I) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2006 A Bonds as may be necessary in order to maintain the status of the Series 2006 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use

of the proceeds of the Series 2006 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, from which the proceeds of the Series 2006 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2006 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2006 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2006 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

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

(4) If default occurs under 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 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (I) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2006 A Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition 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 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 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 2006 A 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 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 2006 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2006 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2006 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2006 A 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 2006 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2006 A 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, if any, 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 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 2006 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 2006 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2006 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. 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. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Lincoln Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2006 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2006 A Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 10th day of July, 2006.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of LINCOLN PUBLIC SERVICE DISTRICT on the 10th day of July, 2006.

Dated: July 13, 2006.

[SEAL]

Sharon Ryan
Secretary

5/4/06
523780.00003

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF LINCOLN PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Lincoln Public Service District (the "Issuer") has duly and officially adopted a bond resolution on July 10, 2006 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $576,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH

BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $576,000 and has authorized the execution and delivery of the loan agreement relating to the Series 2006 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $576,000. The Series 2006 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2046, and shall bear no interest. The principal of the Series 2006 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2007, and maturing September 1, 2046, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2006 A Bonds. The Series 2006 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2006 A Bonds.

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

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

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

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

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

Section 7. Series 2006 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2006 A Bonds Sinking Fund, as capitalized interest. Series 2006 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2006 A Bonds Reserve Account.

Section 8. The balance of the proceeds of the Series 2006 A Bonds shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 9. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about July 13, 2006, to the Authority pursuant to the Loan Agreement.

Section 10. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 12. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of July, 2006.

LINCOLN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Lincoln Public Service District on the 10th day of July, 2006.

Dated: July 13, 2006.

[SEAL]

Sharon Ryan
Secretary

07.07.06
523780.00003

IC-1
(11/01/04)

LOAN AGREEMENT

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

LINCOLN PUBLIC SERVICE DISTRICT

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the

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

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule

X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

7.6 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach,

whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

LINCOLN PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: 7-10-06

Attest:

Its: Secretary Sharon Ryan

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: 7/13/06

Attest:
Barbara B Meadows
Its: Secretary-Treasurer

{C1100670.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

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

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $576,000
Purchase Price of Local Bonds $576,000

The Local Bonds shall bear no interest. Commencing June 1, 2007, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Water Revenue Bonds, Series 1975, dated November 3, 1977, issued in the original aggregate principal amount of $1,056,000 (the "Series 1975 Bonds"),

(ii) 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"),

(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 (the "Series 2002 A Bonds"),

(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 (the "Series 2002 B Bonds"), and

(v) Water Revenue Bonds, Series 2003 A (United States Department of Agriculture) dated July 3, 2003 issued in the original aggregate principal amount of $1,305,000

$576,000

Lincoln Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 13, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	3,693.00	-	3,693.00
12/01/2007	3,693.00	-	3,693.00
03/01/2008	3,693.00	-	3,693.00
06/01/2008	3,693.00	-	3,693.00
09/01/2008	3,693.00	-	3,693.00
12/01/2008	3,693.00	-	3,693.00
03/01/2009	3,693.00	-	3,693.00
06/01/2009	3,693.00	-	3,693.00
09/01/2009	3,693.00	-	3,693.00
12/01/2009	3,693.00	-	3,693.00
03/01/2010	3,693.00	-	3,693.00
06/01/2010	3,693.00	-	3,693.00
09/01/2010	3,693.00	-	3,693.00
12/01/2010	3,693.00	-	3,693.00
03/01/2011	3,693.00	-	3,693.00
06/01/2011	3,693.00	-	3,693.00
09/01/2011	3,693.00	-	3,693.00
12/01/2011	3,693.00	-	3,693.00
03/01/2012	3,693.00	-	3,693.00
06/01/2012	3,693.00	-	3,693.00
09/01/2012	3,693.00	-	3,693.00
12/01/2012	3,693.00	-	3,693.00
03/01/2013	3,693.00	-	3,693.00
06/01/2013	3,693.00	-	3,693.00
09/01/2013	3,693.00	-	3,693.00
12/01/2013	3,693.00	-	3,693.00
03/01/2014	3,693.00	-	3,693.00
06/01/2014	3,693.00	-	3,693.00
09/01/2014	3,693.00	-	3,693.00
12/01/2014	3,693.00	-	3,693.00
03/01/2015	3,693.00	-	3,693.00
06/01/2015	3,693.00	-	3,693.00
09/01/2015	3,693.00	-	3,693.00
12/01/2015	3,693.00	-	3,693.00
03/01/2016	3,693.00	-	3,693.00
06/01/2016	3,693.00	-	3,693.00
09/01/2016	3,693.00	-	3,693.00
12/01/2016	3,693.00	-	3,693.00
03/01/2017	3,693.00	-	3,693.00
06/01/2017	3,693.00	-	3,693.00

$576,000

Lincoln Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 13, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2017	3,693.00	-	3,693.00
12/01/2017	3,693.00	-	3,693.00
03/01/2018	3,693.00	-	3,693.00
06/01/2018	3,693.00	-	3,693.00
09/01/2018	3,693.00	-	3,693.00
12/01/2018	3,693.00	-	3,693.00
03/01/2019	3,693.00	-	3,693.00
06/01/2019	3,693.00	-	3,693.00
09/01/2019	3,692.00	-	3,692.00
12/01/2019	3,692.00	-	3,692.00
03/01/2020	3,692.00	-	3,692.00
06/01/2020	3,692.00	-	3,692.00
09/01/2020	3,692.00	-	3,692.00
12/01/2020	3,692.00	-	3,692.00
03/01/2021	3,692.00	-	3,692.00
06/01/2021	3,692.00	-	3,692.00
09/01/2021	3,692.00	-	3,692.00
12/01/2021	3,692.00	-	3,692.00
03/01/2022	3,692.00	-	3,692.00
06/01/2022	3,692.00	-	3,692.00
09/01/2022	3,692.00	-	3,692.00
12/01/2022	3,692.00	-	3,692.00
03/01/2023	3,692.00	-	3,692.00
06/01/2023	3,692.00	-	3,692.00
09/01/2023	3,692.00	-	3,692.00
12/01/2023	3,692.00	-	3,692.00
03/01/2024	3,692.00	-	3,692.00
06/01/2024	3,692.00	-	3,692.00
09/01/2024	3,692.00	-	3,692.00
12/01/2024	3,692.00	-	3,692.00
03/01/2025	3,692.00	-	3,692.00
06/01/2025	3,692.00	-	3,692.00
09/01/2025	3,692.00	-	3,692.00
12/01/2025	3,692.00	-	3,692.00
03/01/2026	3,692.00	-	3,692.00
06/01/2026	3,692.00	-	3,692.00
09/01/2026	3,692.00	-	3,692.00
12/01/2026	3,692.00	-	3,692.00
03/01/2027	3,692.00	-	3,692.00
06/01/2027	3,692.00	-	3,692.00
09/01/2027	3,692.00	-	3,692.00
12/01/2027	3,692.00	-	3,692.00
03/01/2028	3,692.00	-	3,692.00
06/01/2028	3,692.00	-	3,692.00

$576,000

Lincoln Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 13, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2028	3,692.00	-	3,692.00
12/01/2028	3,692.00	-	3,692.00
03/01/2029	3,692.00	-	3,692.00
06/01/2029	3,692.00	-	3,692.00
09/01/2029	3,692.00	-	3,692.00
12/01/2029	3,692.00	-	3,692.00
03/01/2030	3,692.00	-	3,692.00
06/01/2030	3,692.00	-	3,692.00
09/01/2030	3,692.00	-	3,692.00
12/01/2030	3,692.00	-	3,692.00
03/01/2031	3,692.00	-	3,692.00
06/01/2031	3,692.00	-	3,692.00
09/01/2031	3,692.00	-	3,692.00
12/01/2031	3,692.00	-	3,692.00
03/01/2032	3,692.00	-	3,692.00
06/01/2032	3,692.00	-	3,692.00
09/01/2032	3,692.00	-	3,692.00
12/01/2032	3,692.00	-	3,692.00
03/01/2033	3,692.00	-	3,692.00
06/01/2033	3,692.00	-	3,692.00
09/01/2033	3,692.00	-	3,692.00
12/01/2033	3,692.00	-	3,692.00
03/01/2034	3,692.00	-	3,692.00
06/01/2034	3,692.00	-	3,692.00
09/01/2034	3,692.00	-	3,692.00
12/01/2034	3,692.00	-	3,692.00
03/01/2035	3,692.00	-	3,692.00
06/01/2035	3,692.00	-	3,692.00
09/01/2035	3,692.00	-	3,692.00
12/01/2035	3,692.00	-	3,692.00
03/01/2036	3,692.00	-	3,692.00
06/01/2036	3,692.00	-	3,692.00
09/01/2036	3,692.00	-	3,692.00
12/01/2036	3,692.00	-	3,692.00
03/01/2037	3,692.00	-	3,692.00
06/01/2037	3,692.00	-	3,692.00
09/01/2037	3,692.00	-	3,692.00
12/01/2037	3,692.00	-	3,692.00
03/01/2038	3,692.00	-	3,692.00
06/01/2038	3,692.00	-	3,692.00
09/01/2038	3,692.00	-	3,692.00
12/01/2038	3,692.00	-	3,692.00
03/01/2039	3,692.00	-	3,692.00
06/01/2039	3,692.00	-	3,692.00

$576,000

Lincoln Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: July 13, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2039	3,692.00	-	3,692.00
12/01/2039	3,692.00	-	3,692.00
03/01/2040	3,692.00	-	3,692.00
06/01/2040	3,692.00	-	3,692.00
09/01/2040	3,692.00	-	3,692.00
12/01/2040	3,692.00	-	3,692.00
03/01/2041	3,692.00	-	3,692.00
06/01/2041	3,692.00	-	3,692.00
09/01/2041	3,692.00	-	3,692.00
12/01/2041	3,692.00	-	3,692.00
03/01/2042	3,692.00	-	3,692.00
06/01/2042	3,692.00	-	3,692.00
09/01/2042	3,692.00	-	3,692.00
12/01/2042	3,692.00	-	3,692.00
03/01/2043	3,692.00	-	3,692.00
06/01/2043	3,692.00	-	3,692.00
09/01/2043	3,692.00	-	3,692.00
12/01/2043	3,692.00	-	3,692.00
03/01/2044	3,692.00	-	3,692.00
06/01/2044	3,692.00	-	3,692.00
09/01/2044	3,692.00	-	3,692.00
12/01/2044	3,692.00	-	3,692.00
03/01/2045	3,692.00	-	3,692.00
06/01/2045	3,692.00	-	3,692.00
09/01/2045	3,692.00	-	3,692.00
12/01/2045	3,692.00	-	3,692.00
03/01/2046	3,692.00	-	3,692.00
06/01/2046	3,692.00	-	3,692.00
Total	**$576,000.00**	**-**	**$576,000.00**

Yield Statistics

Bond Year Dollars	$11,812.15
Average Life	20.507 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.24E-11
Bond Yield for Arbitrage Purposes	9.24E-11
All Inclusive Cost (AIC)	9.24E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.507 Years

SCHEDULE Z

{C1104069}

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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 10th day of July, 2006.

CASE NO. 04-1046-PWD-CN

LINCOLN PUBLIC SERVICE DISTRICT

Application for a Certificate of Convenience and Necessity for an extension of water service into the Pine Grove/Priestly Ridge areas of Lincoln County consisting of the construction of approximately 16,000 linear feet of eight (8) inch water line and small diameter water lines, one (1) water storage tank, one (1) booster pumping station, a radio telemetry system, fire hydrants and related appurtenances necessary to extend water service to forty-nine (49) new customers and the Penn Virginia Operating Co., LLC.

COMMISSION ORDER

On May 6, 2005 the Administrative Law Judge (ALJ) assigned to this proceeding entered a Recommended Decision which, among other things, approved the application filed on July 8, 2004, and as modified following the January 21, 2005 hearing, for a certificate of convenience and necessity to construct an extension of water service into the Pine Grove/Priestly Ridge areas of Lincoln County to service approximately forty-nine (49) residential customers who currently have no public water supply.

On May 9, 2005 Ronald J. Flora, Counsel for Lincoln Public Service District (District), filed a letter requesting a waiver of the fifteen-day period of time in which a party may file exceptions to the Recommended Decision in this proceeding. Staff had no objection to granting said waiver and motion. The Commission granted this request by a May 10, 2005 order. By operation of that order, the Recommended Decision became the final order of the Commission in this case on May 15, 2005.

On June 14, 2006 the District filed a "Petition of Lincoln Public Service District to Reopen Application for a Certificate of Convenience and Necessity." The District stated that bids opened on May 9, 2006 show a cost overrun in the amount of $90,215. The District

stated that it planned to cover the excess costs through a $51,000 grant from the West Virginia Infrastructure and Jobs Development Council (WVIJDC), with the balance of the funds to come from a Small Cities Block Grant. The District stated that the cost increase would not result in a rate increase. Attached to the Petition was a confirmation from the WVIJDC.

On June 29, 2006 the District filed a copy of the funding commitment letter for an additional $39,215 from the Small Cities Block Grant Program.

Staff filed its "Initial and Final Joint Staff Memorandum" on June 29, 2006. Staff noted that the total revised project costs are $1,795,215, an increase of $90,215 over the original project costs. Staff recommended approval of the increased project costs and funding.

The District filed a response to Staff's Initial and Final Joint Staff Memorandum on July 3, 2006, stating that the District concurred with Staff's recommendation.

The District filed a letter on July 7, 2006 noting that a bond closing was scheduled for July 13, 2006 and requesting expedited treatment for its filing.

DISCUSSION

The Commission shall approve (1) the $90,215 increase in the project cost; (2) the $51,000 grant from the WVIJDC; and (3) the additional $39,215 grant from the Small Cities Block Grant Program.

FINDINGS OF FACT

1. On May 6, 2005, the ALJ entered a Recommended Decision which approved the application filed on July 8, 2004, and as modified following the January 21, 2005 hearing, for a certificate of convenience and necessity to construct an extension of water service into the Pine Grove/Priestly Ridge areas of Lincoln County to service approximately forty-nine (49) residential customers who currently have no public water supply. The Recommended Decision became a final order of the Commission on May 15, 2005.

2. On June 14, 2006 the District filed a petition stating that the project cost had increased by $90,215.

3. The District obtained funding for the cost overrun in the form of a $51,000 grant from the WVIJDC, and a Small Cities Block Grant in the amount of $39,215.

Public Service Commission
of West Virginia
Charleston

4. Staff filed its "Initial and Final Joint Staff Memorandum" on June 29, 2006 recommending approval of the increased costs and funding.

CONCLUSION OF LAW

It is reasonable to approve (1) the $90,215 increase in the project cost; (2) the $51,000 grant from the WVIJDC; and (3) the additional $39,215 grant from the Small Cities Block Grant Program.

ORDER

IT IS THEREFORE ORDERED that the Lincoln Public Service District's $90,215 increase in the project cost is hereby approved.

IT IS FURTHER ORDERED that the grant from the WVIJDC in the amount of $51,000 is hereby approved.

IT IS FURTHER ORDERED that the additional grant from the Small Cities Block Grant Program in the amount of $39,215 is hereby approved.

IT IS FURTHER ORDERED that if there are any changes in funding related to the project, the District must seek Commission approval of those changes, pursuant to *West Virginia Code* § 16-13A-25.

IT IS FURTHER ORDERED that if there are changes in the project's plans or scope, as well as the terms of any financing other than grants or loans which affect rates, the District must seek the Commission's approval of those changes.

IT IS FURTHER ORDERED that if there is a change in the project cost that does not affect rates, the District need not petition to reopen this case for further Commission approval, except as required by *West Virginia Code* § 16-13A-25. Instead, the District must file an affidavit from its certified public accountant verifying that rates are not affected.

IT IS FURTHER ORDERED that in all other respects the May 6, 2005 Recommended Decision (final May 15, 2005) remains the final order of the Commission.

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

JJW/klm
041046cd.wpd

041046alj050605.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 6, 2005

CASE NO.04-1046-PWD-CN

FINAL
5-15-05
per Commission order

LINCOLN PUBLIC SERVICE DISTRICT
Application for a Certificate of Convenience and Necessity for an extension of water service into the Pine Grove/Priestly Ridge areas of Lincoln County consisting of the construction of approximately 36,000 linear feet of eight (8) inch water line and small diameter water lines, one (1) water storage tank, one (1) booster pumping station, a radio telemetry system, fire hydrants and related appurtenances necessary to extend water service to forty-nine (49) new customers and the Penn Virginia Operating Co., LLC.

RECOMMENDED DECISION

On June 8, 2004, the Lincoln Public Service District (District) filed Form 13, a pre-filing notice of its intent to file an application for a certificate of convenience and necessity to construct, upgrade, operate and maintain its water treatment system, water line extensions and associated appurtenances. The District also filed engineering reports for the proposed project, Rule 42 exhibits and proposed rates. The District proposed to file its certificate application thirty (30) days from the date of the pre-filing notice.

On July 8, 2004, the District filed its application for a certificate of convenience and necessity, Rule 42 exhibits, design plans and specifications and proposed Form 14. The District proposes to extend water service into the Pine Grove/Priestly Ridge areas of Lincoln County by constructing approximately 36,000 linear feet of 8-inch water line and small diameter water lines, one storage tank, one booster pumping station, a radio telemetry system, fire hydrants and related appurtenances necessary to extend water service to 49 new customers and to the Penn Virginia Operating Co., LLC. The District currently has approximately 1,700 customers. The District states that the project has the potential to create and/or protect/preserve approximately 300 additional coal mining jobs at a deep mine locating within the project area. The District intends to finance the total

estimated project cost of $1,705,000 with a $1,104,000 West Virginia Small Cities Block Grant, a $25,000 Lincoln County Commission grant and a $576,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at an interest rate of 0% for a period of forty (40) years. The District proposes to increase rates to fund going-level expenses and debt service obligations related to the project. The proposed increased rates and charges will produce approximately $149,819.00, or 18.5%, annually in additional revenue.

By Order dated July 9, 2004, the District was directed 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 or to intervene in this proceeding must do so, in writing, within 30 days after the date of publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increases, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day protest period, the Commission could waive formal hearing and grant the application based upon its review of the evidence submitted in the application.

On July 12, 2004, the District filed the original affidavits of publication of the pre-filing notice from The Charleston Gazette, a newspaper published and generally circulated in Kanawha County, reflecting publication on June 16 and June 23, 2004, and from The Lincoln Journal, a newspaper published and generally circulated in Lincoln County, reflecting publication on June 16 and June 23, 2004. However, these affidavits did not have the actual published advertisement attached.

On July 15, 2004, the District again filed original affidavits of publication of the pre-filing notice from The Charleston Gazette, a newspaper published and generally circulated in Kanawha County, reflecting publication on June 16 and June 23, 2004, and from The Lincoln Journal, a newspaper published and generally circulated in Lincoln County, reflecting publication on June 16 and June 23, 2004. These affidavits did have the actual published advertisement attached.

On August 5, 2004, Staff Attorney Ronald E. Robertson, Jr., filed the Initial Joint Staff Memorandum. Mr. Robertson recommended that the District's certificate case be set for a hearing after Staff filed its final recommendation.

On August 16, 2004, Staff Attorney Robertson filed the Further Initial Joint Staff Memorandum, attaching the August 11, 2004 Initial Internal Memorandum, prepared by Randy Lengyel, Utilities Analyst III, Water and Wastewater Division, and Audra Blackwell, Technical Analyst I, Engineering Division. Mr. Lengyel and Ms. Blackwell reported that the District had provided commitment letters for project funding in the amount of $1,680,000, but the commitment letter from the Lincoln County Commission in the amount of $25,000 was still needed. The

District also must provide a health permit granting approval of construction and operation of the proposed project; the name, classification and license numbers of the District's operators; and detail of the annual increase in operation and maintenance (O&M) expenses resulting from the project. Mr. Lengyel and Ms. Blackwell indicated that a final recommendation would be made within the time guidelines set by the Commission and the matter should be referred to the Division of Administrative Law Judges.

On August 18, 2004, the District filed a funding letter from the Lincoln County Commission. The Lincoln County Commission had forwarded a check in the amount of $25,000 to the District to be used for the project.

By Commission Referral Order dated August 18, 2004, this proceeding was referred to the Division of Administrative Law Judges with a decision to be rendered on or before February 4, 2005.

On August 26, 2004, the District filed the Lincoln Public Service District's Responses to Staff's Internal Memorandum, dated August 11, 2004.

During July and August 2004, numerous letters of protest were filed. Additionally, several petitions protesting the proposed rate increase, signed by more than 150 individuals, were filed.

On October 22, 2004, the District filed a Petition to Toll Certificate Case.

By Order dated October 29, 2004, the Commission granted the tolling of the statutory deadline as requested by the District. The Commission set a new statutory deadline of May 4, 2005, and extended the decision due date for the Division of Administrative Law Judges until March 7, 2005.

On November 3, 2004, the District filed a permit for the project from the State's Office of Environmental Health Services.

By Order dated November 24, 2004, Staff was directed to file the Final Joint Staff Memorandum, originally due on October 6, 2004, by December 1, 2004, and the District was required to file the proper affidavit of publication of notice of the certificate filing, pursuant to the Commission's July 9, 2004 Notice of Filing Order, by December 1, 2004.

On December 1, 2004, Staff Attorney Robertson filed the Further Joint Staff Memorandum, reporting that the Staff recommendation was incomplete and would be filed as soon as it was received.

On December 2, 2004, the District filed copies of the affidavits of publication of the notice of filing from The Charleston Gazette, a newspaper published and generally circulated in Kanawha County, reflecting publication on August 4, 2004, and from The Lincoln Journal, a newspaper published and generally circulated in Lincoln County, also reflecting publication on August 4, 2004. However, these

copies did not have the actual published Notice attached. The District also filed an affidavit of mailing reflecting that, on August 9, 2004, a Notice was mailed to all customers. However, the actual mailed notice was not attached to the filings.

By Order dated December 3, 2004, Staff was required to immediately file its Final Joint Staff Memorandum by Monday, December 6, 2004. Additionally, the District was required to file copies of the notice mailed to its customers and the notice published in the newspapers.

On December 6, 2004, the District filed the original affidavits of publication of the notice of the certificate filing from The Charleston Gazette, a newspaper published and generally circulated in Kanawha County, reflecting publication on August 4, 2004, and from The Lincoln Journal, a newspaper published and generally circulated in Lincoln County, reflecting publication on August 4, 2004.

On December 6, 2004, the District also filed the affidavit of mailing and a copy of the actual mailing to its customers.

On December 8, 2004, Mr. Robertson filed the Final Joint Staff Memorandum, to which was attached the December 6, 2004 Final Internal Memorandum, prepared by Mr. Lengyel, Ms. Blackwell and Utilities Analyst Manager David W. Dove, Engineering Division. Also attached to the Final Joint Staff Memorandum was the December 1, 2004 Staff Report, prepared by Mr. Lengyel and Ms. Blackwell, which recommended, *inter alia*, a 2.2% across-the-board increase in rates and charges.

Staff reported in the Final Internal Memorandum that 49 new residential customers and one new industrial user are expected to be served by the District's proposed project. The new industrial user, Coal River Energy, a coal mine, is projected to use approximately 23 Equivalent Dwelling Units (EDUs). The coal mine is projected to use approximately 3,150 gallons of water per day, or 94,500 gallons per month. The District's average monthly usage per customer is 4,100 gallons.

Staff reported that it had not received any signed user agreements from either residential users or the coal company. Staff stated that, without the signed agreements, the feasibility and need for the project had not been clearly demonstrated.

Staff reported that the cost for the project is estimated to be $1,705,000. The District proposes to finance the project with a $576,000 loan at 0% interest for 40 years from the WVIJDC, a Small Cities Block Grant in the amount of $1,104,000 and a grant from the Lincoln County Commission in the amount of $25,000. The loan will cause an annual increase of debt service payments in the amount of $14,400. The District has provided commitment letters from the three (3) funding sources. Staff estimated that the project would result in 72 new customers (49 plus the equivalent of 23 for the coal mine) making the cost per customer $23,625. Staff opined that $23,625 is an extremely high cost per customer for water service. Without the coal mine, the cost per customer is $34,714. Staff stated that $34,714 is an unacceptable cost for the provision of water service. Staff

believes that, since coal mines usually do not operate for 40 years, the period of time projected to pay for the proposed project, the cost without the coal mine is the most likely scenario. Staff also calculated the cost per customer on the basis of the loan amount of $576,000, or $8,000 per customer with the coal mine and $11,755 per customer without the coal mine. Staff has also estimated that the amount that each customer can contribute to this project over 40 years is $5,169.60 per customer which is an amount less than the best cost scenario. The proposed project has a low customer density of 11 customers per mile. Without the coal mine, the customer density is 8 customers per mile. Staff calculated that 17 customers per mile are necessary for the project to break even. Staff believes that the District likely will not be able to serve all additional 72 customers without a system upgrade.

Staff opined that the engineering fees of $154,750 are reasonable. Staff also opined that the O&M estimates are reasonable. Staff concluded that the proposed project will apparently improve the living conditions of the residents, but, without the user agreements, the need for the project can not be properly evaluated.

Staff further recommended the following:

1. That the District be granted a Certificate of Convenience and Necessity for the construction, operation, and maintenance of a water treatment system to serve the District's existing customers and the proposed addition of approximately 49 residential customers and one commercial customer in the Pine Grove/Priestly Ridge areas of Lincoln County, West Virginia, contingent upon the submission of signed user agreements for all of the proposed 49 residential customers associated with the certificate application;

2. Approval of the proposed funding consisting of a loan from the WVIJDC in the amount of $576,000 for 40 years at 0%, a Small Cities Block Grant in the amount of $1,104,000, and a grant from the Lincoln County Commission in the amount of $25,000;

3. Approval of the Staff Recommended rate increase detailed on Exhibit 2, Pages 5 and 6 of the Final Joint Staff Memorandum;

4. That, if there are any changes in the scope of the project or if increased financing occurs, the District be required to seek permission from the Commission before proceeding;

5. That the District provide a copy of the Engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract or vendor bid contract to be awarded for this project;

6. Approval of the Staff-recommended leak adjustment rate of $0.65 per 1,000 gallons;

7. That the District's Engineer submit a copy of the certificate of substantial completion when available; and

8. That the District must apply to the Commission for a rate review 18 months after the Commission issues a Final Order in this case.

As a result of a financial and engineering review conducted by Commission Staff, the following are Staff's additional recommendations concerning the rate case:

1. Approval for the bank loan in the amount of $65,000 for 69 months at 7.50%;

2. That the District address the significant deficiencies that have not been previously addressed, as noted in the Sanitary Survey and follow the Sanitary Survey's detailed steps to remedy these deficiencies;

3. That the District's master meter be replaced;

4. That the operators for the District attend a seminar or training session to master basic computer skills;

5. That fencing and overflow indicator issues be submitted to the Department of Health for review;

6. That the District repair the Alum Creek Tank's pin hole leak before the integrity of the tank is jeopardized;

7. That the District perform an internal inspection on each of the storage tanks to determine if cleaning is necessary and the external visual sight gauge on the Sumerco tank be repaired and returned to service;

8. That the access walkway to the intake piping valve handles be gated and locked to prevent access by the general public;

9. That water samples be taken near the extremities of the distribution system to obtain a more representative sample of chlorine residual throughout the distribution system; and

10. That the District get estimates for all of the recommendations listed above and submit a report to the Public Service Commission detailing those estimates; address these items in a certificate case prior to extending any additional lines; and provide a report of estimates for inspections of the water tanks, the fences and other items mentioned above, within 60 days of the final recommendation in this case.

On December 27, 2004, the District filed the Petition of Lincoln Public Service District to Continue the Hearing, Toll Statutory Deadline and Extend Administrative Law Judge Due Date.

By Procedural Order dated December 29, 2004, the following procedural schedule was established for the processing and resolution of this case:

1. A hearing shall be held in the Alum Creek Lions Club Building, 4458 Coal River Road, Alum Creek, West Virginia, on January 21, 2005, at 6:00 p.m.;

2. The transcript of this proceeding shall be filed on an expedited basis by Tuesday, January 25, 2005;

3. Initial briefs in this matter, if any, shall be filed on or before January 31, 2005; and

4. Reply briefs in this matter, if any, shall be filed on or before February 7, 2005.

Additionally, the District was required to publish the Notice, attached as Appendix A to the Procedural Order, once a week for two consecutive weeks in a newspaper duly qualified by the Secretary of State, published and of general circulation in Lincoln County.

By Commission Order dated December 29, 2004, the Commission granted the District's request to toll the statutory deadline until June 3, 2005. The Commission also extended the decision deadline for the Division of Administrative Law Judges until April 6, 2005.

On January 18, 2005, the Response of Lincoln Public Service District to Final Joint Staff Memorandum Dated December 8, 2004 was filed. The District stated that it concurred with both Staff's recommendation that the project be granted a certificate of convenience and necessity and Staff's recommended rate increase.

On January 21, 2005, the District filed the Affidavit of Publication of the Notice of Increased Rates and Hearing from the Charleston Gazette, a newspaper published and generally circulated in Kanawha County, reflecting publication on January 5 and January 12, 2005.

On January 21, 2005, the District filed the Affidavit of Publication of the Notice of Increased Rates and Hearing from The Lincoln Journal, a newspaper published and generally circulated in Lincoln County, reflecting publication on January 5 and January 12, 2005.

On January 21, 2005, Michael Fioravante filed a written request that his home, located at 430 Tiny Ridge, be included in the project.

On January 21, 2005, the hearing convened with both parties in attendance. The District was represented by Ronald J. Flora, Esquire. The Commission Staff was represented by Ronald E. Robertson, Jr., Esquire.

The District did not submit any documents into evidence. Staff submitted into evidence two (2) exhibits which were marked as follows: Staff 1, the December 1, 2004 Staff Report, and Staff 2, the December 6, 2004 Final Internal Memorandum.

On January 25, 2005, the transcript, containing eighty-three (83) consecutively numbered pages of testimony, was filed with the Commission.

No briefs were filed in this proceeding.

On January 26, 2005, the District filed copies of the publications which appeared in The Lincoln Journal.

On January 26, 2005, the District filed a copy of the publication which appeared in the Charleston Gazette.

On February 10, 2005, Staff Attorney Robertson filed a Post-Hearing Joint Staff Memorandum in which he stated that Staff had calculated the impact on the District's customers' monthly water bills without Penn Coal Company becoming a customer with the water extension. Staff stated that it agreed with Mr. Griffith's testimony at the hearing that, if Penn Coal Company was not part of the project, approximately $0.24 per customer per month would be added to the District's customers' water bills.

On April 5, 2005, the District filed the Petition of Lincoln Public Service District to Toll Statutory Deadline and Extend Administrative Law Judge Due Date. The District made the filing due to the District's changed financial circumstances. Attached to the Petition were two (2) exhibits for the Alkol Phase I Waterline Extension.

By Commission Order dated April 5, 2005, the Commission granted the tolling of the statutory deadline which was requested by the

District. The Commission extended the statutory deadline until July 4, 2005, and extended the decision due date of the Division of Administrative Law Judges until May 6, 2005.

By Procedural Order issued April 5, 2005, the District was required to file the correct exhibits for the Pine Grove/Priestly Ridge extension by April 12, 2005. Commission Staff was required to file a substantive recommendation by April 19, 2005, regarding both the financial and engineering aspects of the proposed project's changed circumstances.

On April 12, 2005, the District filed the Submission of Corrected Post Hearing Exhibits.

On April 20, 2005, Staff Attorney Robertson filed the Further Final Joint Staff Memorandum to which was attached the April 20, 2005 Further Final Internal Memorandum prepared by Mr. Lengyel and Ms. Blackwell. Staff reported that the District had requested that Staff reassess the recommended rates to cover current operations and the proposed certificate project since it had been determined that the coal company would not be a District customer. Staff also noted that the proposed project was originally designed to serve the coal mine and pick up customers in the Pine Grove/Priestly Ridge areas. Staff believes that the route chosen to serve the Pine Grove/Priestly Ridge customers would have been different if the coal mine had not been part of the original project. However, Staff believes that a new design would cost the District more money and delay the provision of needed water service to the Pine Grove/Priestly Ridge areas. Staff recommended that, in the future, the District should get signed contracts with entities which request water service before entering into an extension project to serve the entity in question. Staff also recommended that the District both review and follow Water Rule 5.5 in addressing any future main line extensions. Staff Attorney Robertson opined that an additional hearing was unnecessary because the District's published rates for hearing, an 18.5% increase, were higher than Staff's revised recommendation, a 4.6% increase.

After eliminating the coal company as a customer and 23 EDUs associated with the coal company from the proposed project, Staff revised O&M expenses to approximately $5,970. Staff recommended that the $5,970 figure be used as the estimated Proforma adjustment due to the project. Staff's review of the District's average plant additions resulted in Staff recommending that the District be given a $20,000 surplus to properly maintain day-to-day operations.

Staff also calculated that the $576,000 loan will cost $11,755 per customer. This figure excludes the coal mine as a customer. Staff opined that this is a high cost per customer and the District will pay more than double for these customers than what revenue these customers can generate over forty (40) years. The District submitted no evidence to support anticipated growth. Staff reported that it had reservations recommending approval of the project due to the prohibitive cost per customer in comparison to the acceptable cost per customer in the same region. Staff opined, however, that the need to provide public service to those residents in urgent need of water

service outweighed Staff's reservations. Therefore, Staff recommended moving forward with the proposed project without the coal mine as a customer.

After reevaluating the Staff-recommended rates for the District's current operations and the proposed certificate project, Staff recommended that the District increase its current rates by 4.6%. The updated Staff-recommended rates will generate a cash flow surplus of $20,738 and debt service coverage of 128.09%. The $20,738 cash flow surplus will allow routine maintenance of the existing water system. Staff did not recommend any additional rate increase above the Staff-recommended 4.6% increase to the District's existing operations to cover the certificate project. The Staff-recommended rates will generate a cash flow surplus of $19,990 and debt service coverage of 126.95% with the project.

Staff recommended the following:

1. Approval of the 4.6% increase to the District's current rates and charges detailed on Statement D, Schedule 4, Sheets 1 and 2, of the Further Final Joint Staff Memorandum;

2. Approval of the District's request for a certificate of Convenience and Necessity for the construction, operation and maintenance of a water treatment system to serve the District's existing customers and the proposed addition of approximately 49 residential customers in the Pine Grove/Priestly Ridge areas of Lincoln County;

3. Approval of the project funding, consisting of a loan from the Infrastructure and Jobs Development Council in the amount of $576,000 for 40 years at 0%; a Small Cities Block Grant in the amount of $1,104,000; and a grant from the Lincoln County Commission in the amount of $25,000;

4. Approval of the Staff-recommended rates detailed on Exhibit 2, Pages 1 and 2, of the Further Final Joint Staff Memorandum;

5. If there are any changes in the scope of the project or if increased financing occurs, the Lincoln Public Service District be required to seek permission from the Commission before proceeding; and

6. The District must apply to the Commission for a rate review 18 months after the Commission issues a Final Order in this case.

On April 22, 2005, the District filed the Response of Lincoln Public Service District to Further Final Joint Staff Memorandum Dated April 20, 2005. The District represented that it did not oppose the matters and findings set forth in the April 20, 20025 Further Final Joint Staff Memorandum. The District requested that the Further Final Joint Staff Memorandum be adopted by the Commission.

EVIDENCE

At the January 21, 2005 hearing, the District called Michael Griffith as its first witness. Mr. Griffith is a certified public accountant who prepared financial documents related to the District's request for a rate increase. The proposed rates are to cover costs other than the construction proposed in the District's certificate filing. (Tr. 10). The District agrees with the Staff-recommended rate increase, which also does not involve project-related costs. (Tr. 11). The proposed project costs approximately $1.104 million and will be paid for with a $576,000 loan and the balance in grant funds through the West Virginia Infrastructure and Jobs Development Council. (Tr. 11). The loan is at 0% interest for 40 years. (Tr. 12). Staff recommended a 2.2% rate increase to cover the District's ongoing expenses, not project-related expenses. (Tr. 12). Current rates are $36.33 per 4,500 gallons. The Staff-recommended rates are $37.12 per 4,500 gallons, an increase of approximately $0.79 per month. (Tr. 13). The proposed rate increase would be sufficient to cover the District's debt service. There is also sufficient coverage to build the proposed Pine Grove/Priestly Ridge project. There are 48 signed user agreements for the certificate project. (Tr. 14). The Lincoln County Commission has also given the District $25,000 towards the project. (Tr. 15).

The District next called Chris Stewart who is employed by H.M.B. Professional Engineers, Incorporated, which designed the Pine Grove/Priestly Ridge project. The project will add at least 49 customers and may provide water service to Penn Coal. (Tr. 17). The project's line along Corridor G will give the District future access to the other side of Corridor G. (Tr. 17-18). Mr. Stewart opined that the project is feasible. (Tr. 18). The estimated construction cost is $1,330,495, an estimate within the boundaries of the financing available to construct the project. (Tr. 18-19).

Upon questioning by Mike Fioravante, a resident at 430 Tiny Ridge, Mr. Stewart responded that he did not know the location of Tiny Ridge Road. (Tr. 24). Mr. Fioravante requested that his house be included in the water project because the Penn Virginia Coal Company had plans to mine under his house and possibly interfere with his well. (Tr. 24). Mr. Stewart recommended that Mr. Fioravante contact the District's general manager. (Tr. 24-25).

The District next called Charles Holbrook, the District's general manager. Mr. Holbrook testified that, in addition to 48 signed and paid-for user agreements, there are 3 to 4 more signed agreements without a fully-paid deposit. The District has not obtained a signed user agreement for the Penn Virginia Coal Company. (Tr. 27). The coal company intends to sign on a year-to-year basis. (Tr. 27-28). Mr. Holbrook was aware of the location of Tiny Ridge Road and would check to see if Mr. Fioravante could be added as a customer. (Tr. 28). Mr. Holbrook believes that it is in the best interest of the District to serve the customers proposed to be served by the project. (Tr. 28). The project will improve the quality of life in the Pine Grove/Priestly Ridge area. (Tr. 29). The proposed project line will

cross Corridor G and will open up the other side of Corridor G for future development. (Tr. 29-30).

On cross-examination by Mr. Robertson, Mr. Holbrook confirmed that the District had published notice in both Lincoln and Kanawha Counties. (Tr. 30).

The District concluded its case. (Tr. 31).

Staff called Randy Lengyel, a Financial Analyst at the Public Service Commission, as a witness. Mr. Lengyel agreed there are two cases in this proceeding. First, there is the general rate case and, second, there is the certificate case to serve an additional 49 or 50 customers plus the coal company. (Tr. 33). Staff recommended a 2.2% rate increase for current operations. (Tr. 34). The increase is to allow the District to pay its bills and fund required reserves. (Tr. 35). The cost of property insurance represents the largest increase in expenses for the District. Revenues and expenses were also included for the Garrett's Bend/Molly Branch project. Mr. Lengyel opined that, every few years, expenses increase and the District needed a 2% increase to cover expenses. (Tr. 35-36). Staff also recommended that one loan be substituted for another loan to pay for overdue accounts payable. The District has arrearages for accounting and attorney fees. (Tr. 36). The cost of a master meter recommended by the engineer was also included in the new loan. (Tr. 36-37). The 2.2% rate increase would result in total available cash of $826,508. (Tr. 37). These funds would be used to pay operation and maintenance expense of $557,586, taxes, debt service and reserve requirements. The District's required debt service coverage is 115% and will be met by Staff's recommended rates. The Staff-recommended rates will generate a coverage factor of 127.52%. (Tr. 39).

The 2.2% increase is across-the-board. (Tr. 39). The minimum bill under current rates is $24.54 for 3,000 gallons. After the proposed rate increase, the minimum bill for 3,000 gallons would be $25.08, an increase of $0.54 per month. (Tr. 40). For 4,500 gallons usage, the current rates are $36.33, which would rise to $37.12 after the proposed 2.2% rate increase. (Tr. 40).

Mr. Lengyel reviewed the District's commitment letters for funding in the certificate case. The total estimated project cost is $1,705,000, for which the District has funding commitments. (Tr. 43). The District has over $1,000,000 in grant monies and a loan for $576,000. Projects with such a large percentage of grant money do not happen very often. (Tr. 43-44). Staff wanted to ensure there were enough project customers to pay back the loan. Mr. Lengyel stated that, once rates are raised 2.2%, rates will cover existing needs and project needs. (Tr. 44). The revenues from the new project customers will cover the loan payments for the project. (Tr. 44). Mr. Lengyel recommended approval of the project. (Tr. 45). Mr. Lengyel opined that it would be crazy not to implement the certificate project, since no additional rate increase is necessary. (Tr. 45). Staff recommends that the District seek a further rate review in about 18 months to ensure that rates are adequate in the future. (Tr. 45- 46).

On cross-examination by Mr. Flora, Mr. Lengyel testified that Mr. Griffith had used a 2003 test year without revenues from the Garrett's Bend customers, and Mr. Lengyel had used a 2004 test year with those revenues. This accounted for some of the difference between the District's proposed rates and Staff's proposed rates. (Tr. 47).

Upon questioning by the Administrative Law Judge, Mr. Lengyel testified that the revenue from the 2.2% proposed rate increase was just for existing customers. Mr. Lengyel stated that the 48 customers who had signed up along with the coal company would generate enough revenue to pay for the project loan of $576,000 and the increased O&M costs. (Tr. 48). Mr. Lengyel agreed that the coal company had not signed a user agreement and, if there were no revenues from the coal company, rates would have to be raised to pay for the project. (Tr. 48-49). Mr. Lengyel was unsure what that rate impact would be. (Tr. 49).

Staff called Audra Blackwell, a Technical Analyst in the Engineering Division, as a witness. Ms. Blackwell investigated the District's water operations and reviewed the District's West Virginia Department of Health and Human Resources Sanitary Survey. (Tr. 51). Staff recommended that the District's master meter be replaced. A functioning master meter is needed to measure the volume of water treated and unaccounted for water loss. (Tr. 52). The District currently estimates water loss. (Tr. 52-53). Staff also recommended that the District follow the Sanitary Survey's detailed corrective steps to cure deficiencies. (Tr. 54). The District's operators need basic computer skill training. The District's storage tanks require fencing to prevent vandalism or sabotage. The Gilcrest tank needs a visible overflow indicator. The Alum Creek tank's leak needs to be repaired before the integrity of the tank is jeopardized. Internal tank inspections are needed. The external visual sight gauge for the Sumerco tank needs to be repaired and returned to service. The access walkway to the intake piping valve handles must be gated and locked to prevent access by the general public. Water samples should be taken near the distribution system's extremities for a more representative sample. Staff recommended that these corrective items be addressed in a certificate case before the District extends any more lines. Staff also recommended that a report with estimates for inspections of the water tank, the fences and the other items be submitted to the Commission within 60 days of the Recommended Decision in this case. Staff recommended that the District obtain estimates first because some corrections may have a minimal cost and could be done right away. (Tr. 55). Ms. Blackwell stated that these actions would ensure better water quality and better operation and maintenance; however, Ms. Blackwell opined that the District is doing a good job currently. (Tr. 56).

Ms. Blackwell testified that Staff had recommended approval of the project, contingent upon receiving copies of all of the user agreements. (Tr. 57). Ms. Blackwell stated that Staff would help the District negotiate the user agreement with the coal company. (Tr. 58). The plans and specifications of the project are in general conformance with the Commission's rules and regulations. (Tr. 58).

Upon questioning by the Administrative Law Judge, Ms. Blackwell testified that, if the coal company does not sign the user agreement, Staff is still willing to recommend approval of the project. (Tr. 60).

Staff concluded its case.

The District recalled Mr. Griffith as a witness to address the coal company issue. Mr. Griffith testified that, if the coal company took no service and the District obtained no customers in addition to the 49 customers who have signed user agreements for the project, the District would have to raise rates by $0.24 per customer per month. For every new customer over the 49 customers, the cost would drop by two cents. If the District obtained 12 more residential customers, it would have the same effect as if the coal company became a customer. If the District had 61 customers for the proposed project, the coal company would not be needed. (Tr. 63).

Members of the public next made statements. Thomas Hatfield testified about going without water for two or three days when a well went dry. (Tr. 65). Bill Lacy stated that he had not had water since he moved to Pine Grove. His pregnant wife has to drive 40 miles to her mother's house to do laundry. (Tr. 65-66). John Clark testified about the lack of fire protection. (Tr. 66). Chris Wheeler testified that he and his parents had lived in the area for over 30 years and had never had water. Blasting by the coal company has caused further problems. His parents' illnesses created a greater need for a reliable water source. The wells are undependable and the cost to replace pumps is too expensive. (Tr. 68).

David Priestly spoke in support of the project and the need for water service for those who have had to do without water for days or weeks at a time. He believes the cost for the water project is no more than the cost of buying a pop. He believes there is no reason for the community to go without water. (Tr. 70). Sue Priestly spoke in favor of the water project. (Tr. 70). Gerald Priestly spoke about the lack of water on Priestly Ridge. A neighbor's house had burned due to a lack of water. He stated that, if he and his wife conserve water, they can make do with their well, but a lot of his neighbors' wells have gone dry even after drilling expensive wells. (Tr. 71).

Kevin Jividen, a resident of Maple Glen, testified that he and his family have had a problem with the water supply for their home for three years. Maple Glen is not part of the original project because it did not exist when the project started. Maple Glen has 7 residences and 20 lots. Mr. Jividen stated that all 7 homeowners will take water service if it is available. An eighth house is currently under construction. (Tr. 72). Mr. Jividen believes that those 8 houses would use 31,500 gallons of water. If houses were on all 20 lots, 90,000 gallons of water, the usage projected for the coal company if the coal company takes water service, would be used monthly for this subdivision. (Tr. 73).

Alice King testified that it cost her $50 a week to have water brought to her home. She has a 2,000 gallon tank which must be filled

weekly for herself, her 2 children and other family members. (Tr. 73). Yolanda Wall testified that she had spent a lot of money on wells. She stated that the water supply had disappeared since the coal company began mining. She purchased a 2,500 gallon tank which provides water for two families. Every 3 weeks she has 2,000 gallons of water delivered. Home insurance is expensive. (Tr. 75).

Melissa Toler recently purchased property and built a new home in the Maple Glen subdivision. She has since learned that Maple Glen is not part of the project. She feels that she can not sell her home without water service. (Tr. 76-77). Loren Smith testified that he lives on a feeder road off Priestly Ridge and his home is not included in the project. Mr. Smith opined that the project was one whose time had come for people in need of water in a well-populated area. (Tr. 77-78). James Walker testified that he lives at 50 Crest Lane on the northern section of Priestly Ridge. Mr. Walker has lived there approximately 5 years. In addition to a water quantity problem, Mr. Walker spoke about the presence of an oil scum in his well water. He installed a home purification system, but the sodium level is extremely high. He is concerned that the water supply from the wells in the area might create or exacerbate health problems. (Tr. 79).

Ben Beerman stated that he had adequate water at his home, but had to supplement the supply by trucking in water every once in a while. He believe that Priestly Ridge, a one-lane road, is dangerous when water is being transported and residents use the road at the same time. (Tr. 80). Wells are very expensive, require maintenance and are inconvenient when the electricity is out. He is concerned about health problems associated with drinking well water. He stated that there are 20 residents in Maple Glen and that he believed that anywhere from 18 to 20 have already signed user agreements. Those who have not signed could be persuaded and could supplement the project if the coal company does not sign a user agreement. He requested that the process be expedited. (Tr. 81-82).

DISCUSSION

The District's application for a certificate of convenience and necessity for an extension of water service into the Pine Grove/Priestly Ridge area along with a request for an increase in rates has resulted in many customers submitting letters and petitions in opposition to the application. Those letters and petitions are duly noted by the undersigned Administrative Law Judge. The hearing in this matter also drew a number of supporters for the extension of water service. The testimony of those who support the application is also duly noted.

The evidence in the record supports a 4.6% rate increase. It is obvious from the testimony of both Commission Staff and the District that a rate increase, although not one as large as originally proposed by the District, is necessary.

The undersigned Administrative Law Judge is concerned that the District failed to obtain any commitment from the coal company to use

the District's water service. The project was developed and designed to provide water service to the coal company. The signed user agreement should have been obtained prior to the application process. Without the coal company as a customer, the District's current customers will have to pay to support this project which has become unfeasible without a rate increase. The project's costs are excessively high without the coal company. However, the undersigned Administrative Law Judge does agree with Commission Staff that the well-documented need for public water service in the Pine Grove/Priestly Ridge areas of Lincoln County requires the project to proceed without the coal company. Additionally, it would be unwise to not approve this project which will be funded primarily with grant monies.

The Administrative Law Judge agrees with Staff's recommendation that the District be required to follow Water Rule 5.5 before submitting any additional applications for water extensions. Furthermore, the Administrative Law Judge agrees with the Staff recommendation that the District not engage in further water extension projects until other matters which Staff has detailed in its Final Joint Staff Memorandum have been addressed.

Based upon all the evidence in this proceeding, including the post-hearing updates, the undersigned Administrative Law Judge will approve, without further hearing, both the 4.6% rate increase and the modified application for a certificate of convenience and necessity for the water service extension project.

FINDINGS OF FACT

1. On July 8, 2004, the Lincoln County Public Service District filed an application for a certificate of convenience and necessity to construct and operate an extension to its water system. The District proposed to extend water service into the Pine Grove/Priestly Ridge areas of Lincoln County by constructing approximately 36,000 linear feet of 8-inch water line and small diameter water lines, one storage tank, one booster pumping station, a radio telemetry system, fire hydrants and related appurtenances necessary to extend water service to 49 new customers and to the Penn Virginia Operating Co., LLC. (See, application filed July 8, 2004).

2. A Notice of Intent to File this certificate application was properly pre-filed with the Commission on June 8, 2004, and published for prefiling public legal notice on June 16 and 23, 2004, in The Charleston Gazette, a newspaper published and generally circulated in Kanawha County, and on June 16 and 23, 2004 in The Lincoln Journal, a newspaper published and generally circulated in Lincoln County. (See, filing dated June 8, 2004; affidavits of publication filed July 9, 2004).

3. The District has provided public legal notice of this application by publication of said notice on August 4, 2004, in The Charleston Gazette, a newspaper published and generally circulated in Kanawha County, and in The Lincoln Journal, a newspaper published and

generally circulated in Lincoln County. (See, affidavits of publication filed December 2, 2004).

4. Pursuant to public notice of this application, numerous statements of protest or objections have been filed in this matter. (See, Commission case file generally).

5. This proposed project is estimated to cost approximately $1,705,000 and will be financed with a $1,1014,000 West Virginia Small Cities Block Grant, a $25,000 Lincoln County Commission grant and a $576,000 West Virginia Infrastructure and Jobs development Council (WVIJDC) loan at an interest rate of 0% for a period of forty (40) years. The loan will cause an annual increase of debt service payments in the amount of $14,4000. The District has provided commitment letters from the three (3) funding sources. (See, Final Joint Staff Memorandum and attachments filed December 8, 2004).

6. At hearing in this matter, numerous individuals testified regarding the tremendous need for public water service in the Pine Grove/Priestly Ridge areas of Lincoln County. The wells, for the most part, have inadequate quality and quantity. (See, transcript of hearing held on January 21, 2005).

7. The Staff-recommended 4.6% increase in rates will generate a cash flow surplus of $20,738 and debt service coverage of 128.09%. The cash flow surplus is to be used for routine maintenance of the existing water system. Staff did not recommend any additional rate increase to cover the certificate project. The project-related costs should be covered by the revenues generated by the new customers. Therefore, after the certificate project is implemented, the Staff-recommended rates will generate a cash flow surplus of $19,990 and debt service coverage of 126.95%. (See, Tr. p. 44; the Further Final Joint Staff Memorandum with attachment filed April 20, 2005).

8. Commission Staff is of the opinion that the District's proposed project is necessary to provide water service to residents who currently have no public water supply; is financially feasible; and should be approved, with the Staff-recommended tariffs. (See, the Further Final Joint Staff Memorandum with attachment filed April 20, 2005).

9. The District filed a response in which it represented that it did not oppose the April 20, 2005 Further Final Joint Staff Memorandum. The District requested that the Further Final Joint Staff Memorandum be adopted by the Commission. (See, filing dated April 22, 2005).

CONCLUSION OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the Lincoln Public Service District to provide a safe, reliable water distribution system to serve approximately forty-nine (49) residential customers in the

Pine Grove/Priestly Ridge areas of Lincoln County who currently have no public water supply.

2. It is reasonable to approve the financing of the project, which consists of a loan from the Infrastructure and Jobs Development Council in the amount of $576,000 for forty (40) years at zero percent (0%) interest; a Small Cities Block Grant in the amount of $1,104,000; and a grant from the Lincoln County Commission in the amount of $25,000.

3. It is reasonable to approve the Staff-recommended rates and charges, as set forth in Appendix A, attached hereto, to become effective for all services rendered by the District on or after the date the Commission issues a Final Order in this case.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on July 8, 2004, and as modified following the January 21, 2005 hearing, by the Lincoln Public Service District for a certificate of convenience and necessity to construct an extension of water service into the Pine Grove/Priestly Ridge areas of Lincoln County to serve approximately forty-nine (49) residential customers who currently have no public water supply, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing of the project, consisting of a loan from the Infrastructure and Jobs Development Council in the amount of $576,000 for forty (40) years at zero percent (0%) interest; a Small Cities Block Grant in the amount of $1,104,000; and a grant from the Lincoln County Commission in the amount of $25,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached hereto as Appendix A, be, and hereby are, approved, to become effective for all service rendered by the District on and after the date that the Commission issues a Final Order in this case.

IT IS FURTHER ORDERED that the Lincoln Public Service District file an original and at least five (5) copies of a revised tariff setting forth the rates and charges approved herein, within thirty (30) days from the date that this decision becomes final.

IT IS FURTHER ORDERED that the Lincoln Public Service District be, and hereby is, directed to submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the Lincoln Public Service District be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that, if there are any changes in the scope, plans or financing of the project, the District obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that the Lincoln Public Service District be, and hereby is, directed to apply to the Commission for a rate review eighteen (18) months after this decision becomes final.

IT IS FURTHER ORDERED that the Lincoln Public Service District review and strictly follow Water Rule 5.5 when making application for any future water extensions.

IT IS FURTHER ORDERED that the Lincoln Public Service District obtain estimates for Staff recommendations 3 through 10 listed on pages 7 and 8 of the Staff Report filed December 8, 2004, and address those items in a certificate case before extending any additional lines.

IT IS FURTHER ORDERED that the District be, and hereby is, granted approval to obtain a bank loan in the amount of $65,000 for 69 months at 7.5%.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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.

Deborah Yost VanDervort
Deborah Yost VanDervort
Administrative Law Judge

DYV:bam
041046ae.wpd

LINCOLN PUBLIC SERVICE DISTRICT (Water)
Case No. 04-1046-PWD-CN

APPROVED RATES

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial service.

RATES (Customers with metered water supply)

First	3,000 gallons used per month	$8.56 per 1,000 gallons
Next	3,000 gallons used per month	$8.22 per 1,000 gallons
Next	4,000 gallons used per month	$7.51 per 1,000 gallons
Next	10,000 gallons used per month	$6.95 per 1,000 gallons
Next	30,000 gallons used per month	$6.04 per 1,000 gallons
All Over	50,000 gallons used per month	$4.52 per 1,000 gallons

MINIMUM CHARGE

5/8 inch meter	$ 25.68 per month
3/4 inch meter	$ 38.52 per month
1 inch meter	$ 64.20 per month
1 - 1/4 inch meter	$ 93.73 per month
1 - 1/2 inch meter	$ 128.40 per month
2 inch meter	$ 205.44 per month
3 inch meter	$ 385.20 per month
4 inch meter	$ 642.00 per month
6 inch meter	$1,284.00 per month
8 inch meter	$2,054.40 per month

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent to 4,500 gallons of water usage, $38.01 per month.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, 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.

TAP FEE
The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with the certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $250.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION FEE $25.00
To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills or fraudulent use of water.

RETURNED CHECK CHARGE $25.00
A service charge equal to the actual bank fee assessed to the District, or a maximum of $25.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

INCREMENTAL COST OF WATER PRODUCED
$0.66 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all consumption above the customer's historical average usage.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

June 8, 2006

Fred Snodgrass, Chairman
Lincoln Public Service District
P.O. Box 38
Alum Creek, West Virginia 25003

Re: Revised Binding Commitment Letter
Lincoln Public Service District Water Project
Project 2000W-557
BID OVERRUN

Dear Mr. Snodgrass:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Lincoln Public Service District's (the "District") request for revision to the Infrastructure Council's binding commitment offer of February 20, 2002 to the District for the above referenced water project. At its June 7, 2006 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached proposed Schedule A. The revision added a $51,000 Infrastructure Fund grant to the already committed $576,000 Infrastructure Fund loan. The Infrastructure Council also determined that the District should pursue an additional Small Cities Block Grant in the amount of $39,215 to completely fund the project. The total project cost is $1,810,215.

If the District has any questions regarding this commitment, please contact Jeff Brady at 304-558-4607.

Sincerely,

Mark Prince

MP/jb
Attachments
cc: Samme Gee, Esquire
HMB Consultants
Michael Griffith
Susan Riggs, Esq., Spillman, Thomas & Battle
John Stump, Esq., Steptoe & Johnson
Kathy Elliott, Region II

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return both to the Infrastructure Council.

Lincoln Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Lincoln Public Service District
Water Project 2000W-557
June 8, 2006 - Revised

SCHEDULE A

A. Approximate Amount: $ 576,000 Loan
51,000 Grant

B. Loan: $ 576,000

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions: None

C. Grant: $ 51,000

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after complete advancement of all IJDC loan funding.
2. Special Conditions: None

D. Other Funding Sources:

SCBG	$1,104,000
SCBG (additional)	39,215
PSD	40,000

E. Total Project Cost: $1,810,215

F. Proposed User Rates: approximately $38.01 / 4500 gallons
approximately $33.90 / 4000 gallons

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE

Executive Secretary
KMallory@ezwv.com

February 20, 2002

Terry Myers, Manager
Lincoln PSD
P.O. Box 38
Alum Creek, WV 25003

Re: Lincoln Public Service District
Water Project 2000W-557

Dear Mr. Myers:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $576,000 (the "Loan") to the Lincoln Public Service District (the "District") for above referenced water project. (Project). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. Submit Plans and Specifications to the Bureau for Public Health by April 1, 2002
b. File Certificate Case with the Public Service Commission no later than June 1, 2002
c. Advertise for bids no later than January 2, 2003
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Infrastructure Council will enter into Loan agreements with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Russell L. Isaacs

RLI/km
Attachments
cc: Samme Gee, Esq., Jackson & Kelly
Ray Tilley, P.E., HMB
Michael Griffith
Susan Riggs, Esq., Spillman, Thomas & Battle
John Stump, Esq., Steptoe & Johnson
Kathy Elliot, Region II

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Lincoln Public Service District

By: Terry L. Myers

Its: Manager

Date: Feb. 21, 2002

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Lincoln Public Service District
Water Project 2000W-557
February 20, 2002

SCHEDULE A

A. Approximate Amount: $ 576,000 Loan

B. Loan: $ 576,000

1. Maturity Date: 40 years from date of closing.

2. Interest Rate: 0%

3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

5. Special Conditions: None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding:

SCBG	$1,104,000
Fork Creek Mining	$ 50,000
Lincoln County Commission	$ 25,000

D. Total Project Cost: $1,755,000

Project Schedule

Project:	Lincoln PSD	IJDC loan	$ 576,000
County:	Lincoln	SCBG	$1,000,000
Project Number:	2000W-557	Local	$ 75,000
		TOTAL	$1,651,000

Action	Responsible Party	Start	Completion
Engineering Agreement	PSD	complete	complete (contingent on WDA loan approval)
Prepare & Submit Plans & Specs to BPH	HMB	95% complete	April 1, 2002
Plans & Specs. Review & Approval (6 weeks)	BPH	April 1, 2002	May 15, 2002
Prepare & Submit Permit Applications	HMB		April 1, 2002
Prepare Rule 42	Michael Griffith		May 1, 2002
Pre-File w/PSC (PSD only)	Spillman	May 1, 2002	
File Certificate Case with PSC	Spillman	June 1, 2002	
Review & Approve PSC Certificate (9 months)	PSC	June 1, 2002	March 1, 2003
Rights-of-way, Easements & Land Acquisition	Spillman	April 1, 2002	December 15, 2002
Authority to Advertise	IJDC/SCBG		December 30, 2002
Advertise for Bids	PSD		January 1, 2003
Bid Opening	PSD/HMB		February 1, 2002
Loan Closing	Steptoe & Johnson		May 1, 2003
Start Construction	HMB/Contractor	May 2003	May 2004
Environmental Review	Region II		June 1, 2002

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

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Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

April 4, 2001

Mr. Terry Myers, Manager
Lincoln Public Service District
P.O. Box 38
Alum Creek, West Virginia 25003

Re: Lincoln Public Service District
Priestly Ridge Water Extension Project 2000W-557

Dear Mr. Myers:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Lincoln Public Service District's (the "District") revised funding request for its preliminary application regarding its proposed project to extend water service to 55 customers in the Pine Grove / Priestly Ridge areas of Lincoln County (the "Project").

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District utilize a contribution from the Fork Creek Mining Company of $50,000, utilize a Lincoln County Commission grant of $25,000 and the District should pursue a Small Cities Block Grant (SCBG) of $1,104,000. Please contact the WV Development Office at 558-4010 for specific information on the steps the District needs to follow to apply for the SCBG. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

The Infrastructure Council also determined the District may be eligible for an Infrastructure Fund loan of approximately $576,000. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the District's readiness to proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

James D. Williams

James D. Williams

JDW/km
cc: Walt Ivey, BPH
Debbie Legg, WVDO
Dave Michael, HMB
Region II Planning & Development Council

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
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Telephone (304) 558-4607
Facsimile (304) 558-4609

Kaly Mallory, PE
Executive Secretary
KMallory@ezwv.com

October 5, 2000

Mr. Terry Myers, Manager
Lincoln Public Service District
P.O. Box 38
Alum Creek, West Virginia 25003

Re: Lincoln Public Service District
Priestly Ridge Water Extension Project 2000W-557

Dear Mr. Myers:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Lincoln Public Service District's (the "District") preliminary application regarding its proposed project to extend water service to 55 customers in the Pine Grove / Priestly Ridge areas of Lincoln County (the "Project").

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District utilize a contribution from the Fork Creek Mining Company of $154,000 and utilize a Lincoln County Commission of $25,000 and the District should pursue a Small Cities Block Grant (SCBG) of $1,000,000. Please contact the WV Development Office at 558-4010 for specific information on the steps the District needs to follow to apply for the SCBG. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

The Infrastructure Council also determined the District may be eligible for Infrastructure Fund assistance of approximately $576,000. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the District's readiness to

proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds**. The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

James D. Williams

Enclosure
JDW/km

cc: Walt Ivey, BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Dave Michael, HMB
Region II Planning & Development Council

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 13th day of July, 2006, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Lincoln Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $576,000, numbered AR-1 (the "Series 2006 A Bonds"), issued as a single, fully registered Bond, and dated July 13, 2006.

2. At the time of such receipt, all the Series 2006 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2006 A Bonds, of $104,941, being a portion of the principal amount of the Series 2006 A Bonds. The balance of the principal amount of the Series 2006 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

LINCOLN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

07.07.06
523780.00003

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 13th day of July, 2006, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Lincoln Public Service District Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the principal amount of $576,000 (the "Series 2006 A Bonds"), dated July 13, 2006 (collectively, the "Bonds"), executed by the Chairman and Secretary of Lincoln Public Service District (the "Issuer") and bearing the official seal of the Issuer authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on July 10, 2006, and a Supplemental Resolution duly adopted by the Issuer on July 10, 2006 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2006 A Bonds, dated July 13, 2006, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"); and

(4) Executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2006 A Bonds to the Authority upon payment to the Issuer of the sum of $104,941, representing a portion of the principal amount of the Series 2006 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

LINCOLN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

07.07.06
523780.00003

CH704633.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $576,000

KNOW ALL MEN BY THESE PRESENTS: That LINCOLN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Lincoln and Kanawha Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIVE HUNDRED SEVENTY-SIX THOUSAND DOLLARS ($576,000), 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 September 1, 2007, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 13, 2006.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system 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 system 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on July 10, 2006, and a Supplemental Resolution duly adopted by the Issuer on July 10, 2006 (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 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"), 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"), AND THE WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 3, 2003 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,305,000 (THE "SERIES 2003 A BONDS" AND, COLLECTIVELY WITH THE SERIES 1975 BONDS, SERIES 1998 BONDS, SERIES 2002 A BONDS, AND SERIES 2002 B BONDS, 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 monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2006 A 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 an 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 monies in the Series 2006 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 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 2006 A 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 13, 2006.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

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 July 13, 2006.

[SEAL]

SPECIMEN

Chairman

ATTEST:

Sharon Ryan

Secretary

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$104,941	July 13, 2006	(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
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	3,693.00	-	3,693.00
12/01/2007	3,693.00	-	3,693.00
03/01/2008	3,693.00	-	3,693.00
06/01/2008	3,693.00	-	3,693.00
09/01/2008	3,693.00	-	3,693.00
12/01/2008	3,693.00	-	3,693.00
03/01/2009	3,693.00	-	3,693.00
06/01/2009	3,693.00	-	3,693.00
09/01/2009	3,693.00	-	3,693.00
12/01/2009	3,693.00	-	3,693.00
03/01/2010	3,693.00	-	3,693.00
06/01/2010	3,693.00	-	3,693.00
09/01/2010	3,693.00	-	3,693.00
12/01/2010	3,693.00	-	3,693.00
03/01/2011	3,693.00	-	3,693.00
06/01/2011	3,693.00	-	3,693.00
09/01/2011	3,693.00	-	3,693.00
12/01/2011	3,693.00	-	3,693.00
03/01/2012	3,693.00	-	3,693.00
06/01/2012	3,693.00	-	3,693.00
09/01/2012	3,693.00	-	3,693.00
12/01/2012	3,693.00	-	3,693.00
03/01/2013	3,693.00	-	3,693.00
06/01/2013	3,693.00	-	3,693.00
09/01/2013	3,693.00	-	3,693.00
12/01/2013	3,693.00	-	3,693.00
03/01/2014	3,693.00	-	3,693.00
06/01/2014	3,693.00	-	3,693.00
09/01/2014	3,693.00	-	3,693.00
12/01/2014	3,693.00	-	3,693.00
03/01/2015	3,693.00	-	3,693.00
06/01/2015	3,693.00	-	3,693.00
09/01/2015	3,693.00	-	3,693.00
12/01/2015	3,693.00	-	3,693.00
03/01/2016	3,693.00	-	3,693.00
06/01/2016	3,693.00	-	3,693.00
09/01/2016	3,693.00	-	3,693.00
12/01/2016	3,693.00	-	3,693.00

Date	Principal	Coupon	Total P+I
03/01/2017	3,693.00	-	3,693.00
06/01/2017	3,693.00	-	3,693.00
09/01/2017	3,693.00	-	3,693.00
12/01/2017	3,693.00	-	3,693.00
03/01/2018	3,693.00	-	3,693.00
06/01/2018	3,693.00	-	3,693.00
09/01/2018	3,693.00	-	3,693.00
12/01/2018	3,693.00	-	3,693.00
03/01/2019	3,693.00	-	3,693.00
06/01/2019	3,693.00	-	3,693.00
09/01/2019	3,692.00	-	3,692.00
12/01/2019	3,692.00	-	3,692.00
03/01/2020	3,692.00	-	3,692.00
06/01/2020	3,692.00	-	3,692.00
09/01/2020	3,692.00	-	3,692.00
12/01/2020	3,692.00	-	3,692.00
03/01/2021	3,692.00	-	3,692.00
06/01/2021	3,692.00	-	3,692.00
09/01/2021	3,692.00	-	3,692.00
12/01/2021	3,692.00	-	3,692.00
03/01/2022	3,692.00	-	3,692.00
06/01/2022	3,692.00	-	3,692.00
09/01/2022	3,692.00	-	3,692.00
12/01/2022	3,692.00	-	3,692.00
03/01/2023	3,692.00	-	3,692.00
06/01/2023	3,692.00	-	3,692.00
09/01/2023	3,692.00	-	3,692.00
12/01/2023	3,692.00	-	3,692.00
03/01/2024	3,692.00	-	3,692.00
06/01/2024	3,692.00	-	3,692.00
09/01/2024	3,692.00	-	3,692.00
12/01/2024	3,692.00	-	3,692.00
03/01/2025	3,692.00	-	3,692.00
06/01/2025	3,692.00	-	3,692.00
09/01/2025	3,692.00	-	3,692.00
12/01/2025	3,692.00	-	3,692.00
03/01/2026	3,692.00	-	3,692.00
06/01/2026	3,692.00	-	3,692.00
09/01/2026	3,692.00	-	3,692.00
12/01/2026	3,692.00	-	3,692.00
03/01/2027	3,692.00	-	3,692.00
06/01/2027	3,692.00	-	3,692.00
09/01/2027	3,692.00	-	3,692.00
12/01/2027	3,692.00	-	3,692.00
03/01/2028	3,692.00	-	3,692.00
06/01/2028	3,692.00	-	3,692.00
09/01/2028	3,692.00	-	3,692.00

Date	Principal	Coupon	Total P+I
12/01/2028	3,692.00	-	3,692.00
03/01/2029	3,692.00	-	3,692.00
06/01/2029	3,692.00	-	3,692.00
09/01/2029	3,692.00	-	3,692.00
12/01/2029	3,692.00	-	3,692.00
03/01/2030	3,692.00	-	3,692.00
06/01/2030	3,692.00	-	3,692.00
09/01/2030	3,692.00	-	3,692.00
12/01/2030	3,692.00	-	3,692.00
03/01/2031	3,692.00	-	3,692.00
06/01/2031	3,692.00	-	3,692.00
09/01/2031	3,692.00	-	3,692.00
12/01/2031	3,692.00	-	3,692.00
03/01/2032	3,692.00	-	3,692.00
06/01/2032	3,692.00	-	3,692.00
09/01/2032	3,692.00	-	3,692.00
12/01/2032	3,692.00	-	3,692.00
03/01/2033	3,692.00	-	3,692.00
06/01/2033	3,692.00	-	3,692.00
09/01/2033	3,692.00	-	3,692.00
12/01/2033	3,692.00	-	3,692.00
03/01/2034	3,692.00	-	3,692.00
06/01/2034	3,692.00	-	3,692.00
09/01/2034	3,692.00	-	3,692.00
12/01/2034	3,692.00	-	3,692.00
03/01/2035	3,692.00	-	3,692.00
06/01/2035	3,692.00	-	3,692.00
09/01/2035	3,692.00	-	3,692.00
12/01/2035	3,692.00	-	3,692.00
03/01/2036	3,692.00	-	3,692.00
06/01/2036	3,692.00	-	3,692.00
09/01/2036	3,692.00	-	3,692.00
12/01/2036	3,692.00	-	3,692.00
03/01/2037	3,692.00	-	3,692.00
06/01/2037	3,692.00	-	3,692.00
09/01/2037	3,692.00	-	3,692.00
12/01/2037	3,692.00	-	3,692.00
03/01/2038	3,692.00	-	3,692.00
06/01/2038	3,692.00	-	3,692.00
09/01/2038	3,692.00	-	3,692.00
12/01/2038	3,692.00	-	3,692.00
03/01/2039	3,692.00	-	3,692.00
06/01/2039	3,692.00	-	3,692.00
09/01/2039	3,692.00	-	3,692.00
12/01/2039	3,692.00	-	3,692.00
03/01/2040	3,692.00	-	3,692.00
06/01/2040	3,692.00	-	3,692.00

Date	Principal	Coupon	Total P+I
09/01/2040	3,692.00	-	3,692.00
12/01/2040	3,692.00	-	3,692.00
03/01/2041	3,692.00	-	3,692.00
06/01/2041	3,692.00	-	3,692.00
09/01/2041	3,692.00	-	3,692.00
12/01/2041	3,692.00	-	3,692.00
03/01/2042	3,692.00	-	3,692.00
06/01/2042	3,692.00	-	3,692.00
09/01/2042	3,692.00	-	3,692.00
12/01/2042	3,692.00	-	3,692.00
03/01/2043	3,692.00	-	3,692.00
06/01/2043	3,692.00	-	3,692.00
09/01/2043	3,692.00	-	3,692.00
12/01/2043	3,692.00	-	3,692.00
03/01/2044	3,692.00	-	3,692.00
06/01/2044	3,692.00	-	3,692.00
09/01/2044	3,692.00	-	3,692.00
12/01/2044	3,692.00	-	3,692.00
03/01/2045	3,692.00	-	3,692.00
06/01/2045	3,692.00	-	3,692.00
09/01/2045	3,692.00	-	3,692.00
12/01/2045	3,692.00	-	3,692.00
03/01/2046	3,692.00	-	3,692.00
06/01/2046	3,692.00	-	3,692.00

(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:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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

Writer's Contact Information

July 13, 2006

Lincoln Public Service District
Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Lincoln Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $576,000 Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 13, 2006, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2007, and maturing September 1, 2046, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

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We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on July 10, 2006, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 10, 2006 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Prior Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

07.10.06
523780.00003

CH704636.2

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 13, 2006

Lincoln Public Service District
Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Lincoln Public Service District, a public service district, in Lincoln and Kanawha Counties, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2006 A Bonds dated July 13, 2006, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on July 10, 2006, as supplemented by the Supplemental Resolution duly adopted by the Issuer on July 10, 2006 (collectively, the "Bond Legislation"), orders of The County Commission of Lincoln County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Lincoln County, The County Commission of Kanawha County, the Bureau for Public Health, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order and the Commission Order of the Public Service Commission of West Virginia entered on May 6, 2006 and July 10, 2006, respectively, in Case No. 04-1046-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and the financing for the Project and approving the rates for the System. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The time for appeal of such Commission Order has not expired prior to the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Orders remain in full force and effect.

7. 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.

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

9. I have ascertained that all successful bidders have made the required provisions for all insurance and payment and performance bonds and verified such insurance policies and bonds for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

Ronald J. Flora
Attorney at Law

07.11.06
523780.00003

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

FINAL TITLE OPINION

WATER/WASTEWATER PROJECTS
INFRASTRUCTURE FUND FINANCING

July 12, 2006

Board Members of Lincoln Public Service District
c/o Lincoln Public Service District
Post Office Box 38
Alum Creek, West Virginia 25003

West Virginia Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1217

Steptoe & Johnson PLLC
Post Office Box 1588
Charleston, West Virginia 25326-8181

Re: Lincoln Public Service District

Dear Gentlemen:

This firm represents Lincoln Public Service District with regard to a proposed project to extend water service into the Pine Grove/Priestly Ridge areas of Lincoln County consisting of the construction of approximately 36,000 lf of eight (8) inch water line and small diameter water lines, one (1) water storage tank, one (1) booster pumping station, a radio telemetry system, fire hydrants and related

appurtenances necessary to provide water service to approximately forty-nine (49) new customers (the "Project"), and provides this final title opinion on behalf of Lincoln Public Service District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Water Development Authority (the "WDA") for the project. Please be advised of the following:

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

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

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

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Lincoln County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Lincoln Public Service District has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

The following listed properties are being acquired by eminent domain and the necessary filings have been made in the Office(s) of the Circuit Clerk of Lincoln County, West Virginia to permit the Lincoln Public Service District a right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject properties. The Lincoln Public Service District's title thereto is defeasible in the event the Lincoln Public Service District does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the pending litigation:

Ashley Lacy Deed Book 311, Page760; Tax Map 13, P/O Parcel 19.1
Civil Action No. 06-C-73

Marlene Solberg Deed Book 311, Page 766; Tax Map 13, P/O Parcel 19.1
Civil Action No. 06-C-74

5. That all deeds or other documents which have been acquired to date by the Lincoln Public Service District have been duly recorded in the aforesaid Clerk's Office(s) in order to protect the legal title to and interest of the Lincoln Public Service District (see attached).

Sincerely,

Ronald J. Flora
Attorney at Law
West Virginia State Bar #1227
1115 Smith Street
Milton, West Virginia 25541
(304) 743-5354
(304) 743-4120 (facsimile)

RJF/js
Enclosures

LINCOLN PUBLIC SERVICE DISTRICT
PRIESTLY RIDGE PROJECT
EASEMENT LIST

NAME:		TAX MAP/PARCEL	DEED BK/PG #	ESMT BK/PAGE #
1.	David McCormick	9/111.1	296/446	33/620
	Tank Site			DB 313/650
2.	Penn Virginia Operating	12/34.1	296/294	32/265
3.	Preston Brown	12/75	272/353	33/447
4.	Robert Holstein	13/8	294/630	33/704
5.	Edward Wheeler	13/25	297/72	33/683
6.	Nyle Lacy	13/18	231/310	33/686
7.	Ashley Lacy	13/19.1	310/613	Right-of-Entry Order C.A. 03-C-73
8.	Marlene Solberg	13/19.1	310/610	Right-of Entry Order C.A. 03-C-74
9.	Vinell Lacy	13/19.1	310/619, 607	34/146
10.	John Clark			33/722

LINCOLN PUBLIC SERVICE DISTRICT
PRIESTLY RIDGE PROJECT EASEMENT LIST

NAME:		TAX MAP/PARCEL	DEED BK/PG #	ESMT BK/PAGE #
11.	Cline Dunlap	13/3.1	171/314	33/707
12.	Gerald Priestly	10/22	165/428	33/689
13.	Allen Williamson	10/23.2 & 23.3	277/742, 745	33/692
14.	Vanessa Starcher	10/23.4	312/280	33/695
15.	Eddie R. Wandling	10/23	259/479	33/680
			259/479	33/677
16.	Joseph (Leonard) Larkins	13/16	231/436, 430	
			225/739	33/701
17.	Pinegrove Baptist Church	13/15	151/310	33/698

LINCOLN PUBLIC SERVICE DISTRICT
PRIESTLY RIDGE PROJECT
FIRE HYDRANT EASEMENTS

NAME:	TAX MAP/PARCEL	DEED BK/PG #	ESMT BK/PAGE #
1. Teddy R. Hale, Jr.			33/719
2. Shirley M. Smith			33/716
3. Betty Dunlap			33/713
4. Alvie Dunlap			33/710

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. SPECIMEN BONDS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. COMPLIANCE WITH WEST VIRGINIA JOBS ACT
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Lincoln Public Service District in Lincoln and Kanawha Counties, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted July 10, 2006, and the Supplemental Resolution duly adopted July 10, 2006 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the

pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations 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 have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 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 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 the Water Revenue Bonds, series 2003 A (United States Department of Agriculture) dated July 3, 2003 issued in the original aggregate principal amount of $1,305,000 (collectively, the "Prior Bonds").

The Series 2006 A 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 respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2006 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Series 2006 A Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating, Consolidating and Enlarging the District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Organizational Meeting

Excerpt of Minutes on Adoption of Bond Resolution, Supplemental Resolution and First Draw Resolution

Environmental Health Services Permit

Evidence of Insurance

Consent of Rural Utilities Service

Consent of West Virginia Water Development Authority

Prior Bond Resolutions

Grant Awards

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Lincoln Public Service District." The Issuer is a public service district duly created by The County Commission of Lincoln County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three 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
Fred Snodgrass	02/03/05	06/30/09
Jerry Linville	02/03/05	06/20/07
Gilmer Mosteller	08/12/04	06/30/11

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2006 are as follows:

Chairman - Fred Snodgrass
Secretary/Treasurer - Sharon Ryan

The duly appointed and acting counsel to the Issuer is Ronald J. Flora, Esquire, in Milton, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and

without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement is true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on May 6, 2006, in Case No. 04-1046-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect. The rates are currently in effect.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on May 6, 2006 and July 11, 2006, respectively, in Case No. 04-1046-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Final Order and Commission Order remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1 dated the date hereof, by his or her

manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer also received $104,941 from the Authority and the Council, being a portion of the principal amount of the Series 2006 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the 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 Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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. COMPLIANCE WITH THE WEST VIRGINIA JOBS ACT. That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the"West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (i) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (ii) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (iv) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and

their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

WITNESS our signatures and the official seal of LINCOLN PUBLIC SERVICE DISTRICT on this 13th day of July, 2006.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

07.10.06
523780.00003

WITNESS our signatures and the official seal of LINCOLN PUBLIC SERVICE DISTRICT on this 13th day of July, 2006.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

07.10.06
523780.00003

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Robert E. Blankenship, Registered Professional Engineer, West Virginia License No. 10,801, of HMB Professional Engineers, Inc., Frankfort, Kentucky, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public waterworks facilities (the "System") of Lincoln Public Service District (the "Issuer") to be constructed primarily in Lincoln and Kanawha Counties, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on July 10, 2006, and the Loan Agreement for the Series 2006 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated July 13, 2006 (the "Loan Agreement").

2. The Series 2006 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health ("BPH") and the Council and any change orders approved by the Issuer, the Council, the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Ronald J. Flora, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project

as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Michael D. Griffith, CPA, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 13th day of July, 2006.

(SEAL)

ROBERT E. BLANKENSHIP
REGISTERED
10801
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

HMB PROFESSIONAL ENGINEERS, INC.

Robert Blankenship, P.E.
West Virginia License No. 10,801

07.07.06
523780.00003

Lincoln Public Service District
IJDC No. 2000W-557
Schedule B

A. COST OF PROJECT		TOTAL	IJDC Loan	SCBG (additional award)	SCBG	PSD Contribution [expended]
1 Construction						
a. Contract A	(East. States Pump)	1,022,771.00	253,926.10	39,215.00	729,629.90	
b. Contract B	(Welding Inc.)	186,800.00	186,800.00			
c. Contract C	(Hughes Supply)	198,655.10	0.00		198,655.10	
2 Technical Services	HMB					
a. Basic Services	HMB	113,715.00	40,000.00		33,715.00	40,000.00
b. Inspection/Post Const. Services (HK Bell)		97,000.00			97,000.00	
c. Additional Services (HK Bell)		13,750.00	13,750.00			
3 Legal & Fiscal						
a. Legal	Ron Flora	17,500.00	17,500.00			
b. Accounting	Michael Griffith	15,000.00	15,000.00			
4 Administrative	R2PDC	40,000.00			40,000.00	
5 Sites & Other Lands						
a. Land acquisition / ROW		10,000.00	5,000.00		5,000.00	
6 Misc. Permits		3,000.00	3,000.00			
7 Contingency	5%	71,523.90	71,523.90			
8 TOTAL of Lines 1 through 7		1,789,715.00	606,500.00	39,215.00	1,104,000.00	40,000.00
B. COST OF FINANCING						
9 Funded Reserve						
10 Other Costs						
a. Registrar fees		500.00	500.00			
b Bond Counsel	Steptoe & Johnson	20,000.00	20,000.00			
11 Cost of Issuance		20,500.00	20,500.00	0.00	0.00	0.00
12 TOTAL PROJECT COST line 9 plus line 11		1,810,215.00	627,000.00	39,215.00	1,104,000.00	40,000.00
C. SOURCES OFOTHER FUNDS						
13 Federal Grants	(SCBG)	1,104,000.00			1,104,000.00	
14 State Grant	(IJDC)	51,000.00	51,000.00			
15 Other Grants	(SCBG)	39,215.00		39,215.00		
16 Any Other Source	(PSD Contribution)	40,000.00				40,000.00
17 TOTAL GRANTS Lines 14 through 16		1,234,215.00	51,000.00	39,215.00	1,104,000.00	40,000.00
18 Size of Bond Issue	(IJDC)	576,000.00	576,000.00	0.00	0.00	0.00

Lincoln Public Service District

Engineer

CH823941.1

Lincoln Public Service District
IJDC No. 2000W-557
Schedule B

A. COST OF PROJECT		TOTAL	IJDC Loan	SCBG (additional award)	SCBG	PSD Contribution [expended]
1 Construction						
a. Contract A	(East. States Pump)	1,022,771.00	253,926.10	39,215.00	729,629.90	
b. Contract B	(Welding Inc.)	186,800.00	186,800.00			
c. Contract C	(Hughes Supply)	198,655.10	0.00		198,655.10	
2 Technical Services	HMB					
a. Basic Services	HMB	113,715.00	40,000.00		33,715.00	40,000.00
b. Inspection/Post Const. Services (HK Bell)		97,000.00			97,000.00	
c. Additional Services (HK Bell)		13,750.00	13,750.00			
3 Legal & Fiscal						
a. Legal	Ron Flora	17,500.00	17,500.00			
b. Accounting	Michael Griffith	15,000.00	15,000.00			
4 Administrative	R2PDC	40,000.00			40,000.00	
5 Sites & Other Lands						
a. Land acquisition / ROW		10,000.00	5,000.00		5,000.00	
6 Misc. Permits		3,000.00	3,000.00			
7 Contingency	5%	71,523.90	71,523.90			
8 TOTAL of Lines 1 through 7		1,789,715.00	606,500.00	39,215.00	1,104,000.00	40,000.00
B. COST OF FINANCING						
9 Funded Reserve						
10 Other Costs						
a. Registrar fees		500.00	500.00			
b Bond Counsel	Steptoe & Johnson	20,000.00	20,000.00			
11 Cost of Issuance		20,500.00	20,500.00	0.00	0.00	0.00
12 TOTAL PROJECT COST line 9 plus line 11		1,810,215.00	627,000.00	39,215.00	1,104,000.00	40,000.00
C. SOURCES OFOTHER FUNDS						
13 Federal Grants	(SCBG)	1,104,000.00			1,104,000.00	
14 State Grant	(IJDC)	51,000.00	51,000.00			
15 Other Grants	(SCBG)	39,215.00		39,215.00		
16 Any Other Source	(PSD Contribution)	40,000.00				40,000.00
17 TOTAL GRANTS Lines 14 through 16		1,234,215.00	51,000.00	39,215.00	1,104,000.00	40,000.00
18 Size of Bond Issue	(IJDC)	576,000.00	576,000.00	0.00	0.00	0.00

John Mutch D.A.M.

Lincoln Public Service District

Engineer

CH823941.1

Griffith & Associates Accountants & Consultants

July 13, 2006

Lincoln Public Service District
Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Final Order entered on July 10, 2006, of the Public Service Commission of West Virginia in Case No. 04-1046-PWD-CN, and 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 2006 A (West Virginia Infrastructure Fund) (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), Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2003 A (United States Department of Agriculture) (collectively, the "Prior Bonds").

It is further my opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2006 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2006 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2006 A 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 the Series 2006 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2006 A Bonds.

Sincerely,

Michael D. Griffith, CPA
Griffith & Associates

MDG/s

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

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Lincoln Public Service District in Lincoln and Kanawha Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the $576,000 Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, dated July 13, 2006 (the "Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on July 10, 2006 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 13, 2006, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2006 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Department of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2006 A Bonds were sold on July 13, 2006, to the Authority, pursuant to a loan agreement dated July 13, 2006, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $576,000 (100% of par), at which time, the Issuer received $104,941 from the Authority and the Council, being the first advance of the principal amount of the Series 2006 A Bonds. No accrued interest has been or will be paid on the Series 2006 A Bonds. The balance of the principal amount of the Series 2006 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2006 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before July 1, 2007. The acquisition and construction of the Project is expected to be completed by January 1, 2007.

10. The total cost of the Project is estimated at $1,810,215. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2006 A Bonds	$ 576,000
Small Cities Block Grant	1,143,215
Lincoln County Commission	40,000
WVIJDC Grant	51,000
Total Sources	$1,810,215

USES	
Costs of Acquisition and Construction of the Project	$1,789,715
Costs of Issuance	$20,500
Total Uses	$1,810,215

11. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2006 A Bonds:

(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 2006 A Bonds Construction Trust Fund;

(4) Series 2006 A Bonds Sinking Fund; and

(5) Series 2006 A Bonds Reserve Account.

12. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Series 2006 A Bond proceeds in the amount of $-0- will be deposited in the Series 2006 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2006 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) The balance of the proceeds of the Series 2006 A Bonds will be deposited in the Series 2006 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2006 A Bonds and related costs.

13. Monies held in the Series 2006 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2006 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2006 A Bonds Sinking Fund and Series 2006 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2006 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within six (6) months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2006 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2006 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within twelve (12) months from the date of issuance thereof.

17. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

18. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

19. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

20. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

21. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

22. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

23. The Bonds are not federally guaranteed.

24. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

25. The Issuer has either (a) funded the Series 2006 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2006 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2006 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Monies in the Series 2006 A Bonds Reserve Account and the Series 2006 A Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

26. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2006 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the 2006 A Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

27. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

28. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

29. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 13th day of July, 2006.

LINCOLN PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman

07.10.06
523780.00003

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 Marie 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

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. Milam, 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 16 day of July 1963.

Book No. 22 George W. Johnson Clerk, L. C. L.

at page _____ By _____ 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 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln County, West Virginia

I, GEORGE W. JOHNSON, Clerk of the County Court of Lincoln County, West Virginia, do hereby certify that the above and foregoing is a true and complete copy original as filed in my said office.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Court this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln County, West Virginia

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to wit:

I, JACK VICKERS, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the Board of Lincoln Public Service District, a public corporation and political subdivision of the State of West Virginia, in and for Lincoln County, West Virginia, to the best of my skill and judgment, during my continuance in office: SO HELP ME GOD.

Jack R. Vickers

Taken, subscribed and sworn to before George W. Johnson, Clerk of the County Court of Lincoln County, West Virginia, this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln County, West Virginia

I, GEORGE W. JOHNSON, Clerk of the County Court of Lincoln County, West Virginia, do hereby certify that the above and foregoing is a true and complete copy original as filed in my said office.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Court this the 6th day of July, 1963.

George W. Johnson
Clerk of the County Court of Lincoln County, West Virginia

Affidavit of Publication

No. _____

STATE OF WEST VIRGINIA,

Kanawha County, to-wit:

I, Charlotte Cox of the

☐ Sunday Gazette-Mail ☑ Charleston Gazette, a daily Democratic newspaper ☐ Daily Mail, a daily Republican newspaper, published in the City of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of receipt of and proposal to create a public service district was duly published in said paper once a day for one successive day commencing with the issue of the 5 day of June, 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 swarn to before me this 5 day of June, 19 63

Kathleen Clackala

Notary Public of Kanawha County, West Virginia

My Commission expires Nov 11, 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 14' 10" north and a longitude of 81 degrees 48' west, and running thence S. 34 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 15' E. 2.3 miles, crossing West Virginia Secondary Route 12, 12-1 and 12-5 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 3.3 miles more or less to the beginning, containing an area of 6.25 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. 34 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 13-3 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 5.35 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 the following newspapers of general circulation at Hamlin, Lincoln County, West Virginia, viz: The LINCOLN REPUBLICAN and The HAMLIN DEMOCRAT, published each week, do hereby certify that the attached Notice

was published in { ~~The Lincoln Republican~~ / The Hamlin Democrat }

One sucessive -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 subdivision of the State of West Virginia, in Washington Districts of Lincoln and Kanawha Counties, West Virginia, the major portion thereof being in the said Lincoln County, embracing the following area and territory:

> BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38 degrees 16' 20" north and a longitude of 81 degrees 48' west, and running thence S. 54 degrees 40' W. 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38 degrees 14' 40" north and a longitude of 81 degrees 51' west, thence north 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38 degrees 16' north and longitude 81 degrees 51' west; thence N. 20 degrees 55' E. 2.5 miles, crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38 degrees 18' north and longitude 81 degrees 50' west; thence east 1.15 miles to a point in Big Coal River at latitude 38 degrees 18' north and longitude 81 degrees 48' 45" west, said point being northerly 1 mile from West Virginia Primary Route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less to the beginning, containing an area of 6.35 square miles, more or less,

as shown upon a map or plat thereof made by J. H. Milam, Inc., a copy thereof being filed in the proceeding before the Court. A hearing upon said proposal has been set by the Court on the 6th day of July, 1963, at the hour of 10:00 o'clock a.m., in the County Court Room at Hamlin, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said area and territory embraced in said public service district may attend and be heard for and against its creation and recreation.

GIVEN under my hand this the 1st day of June, 1963.

George W. Johnson, 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' 29" 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,

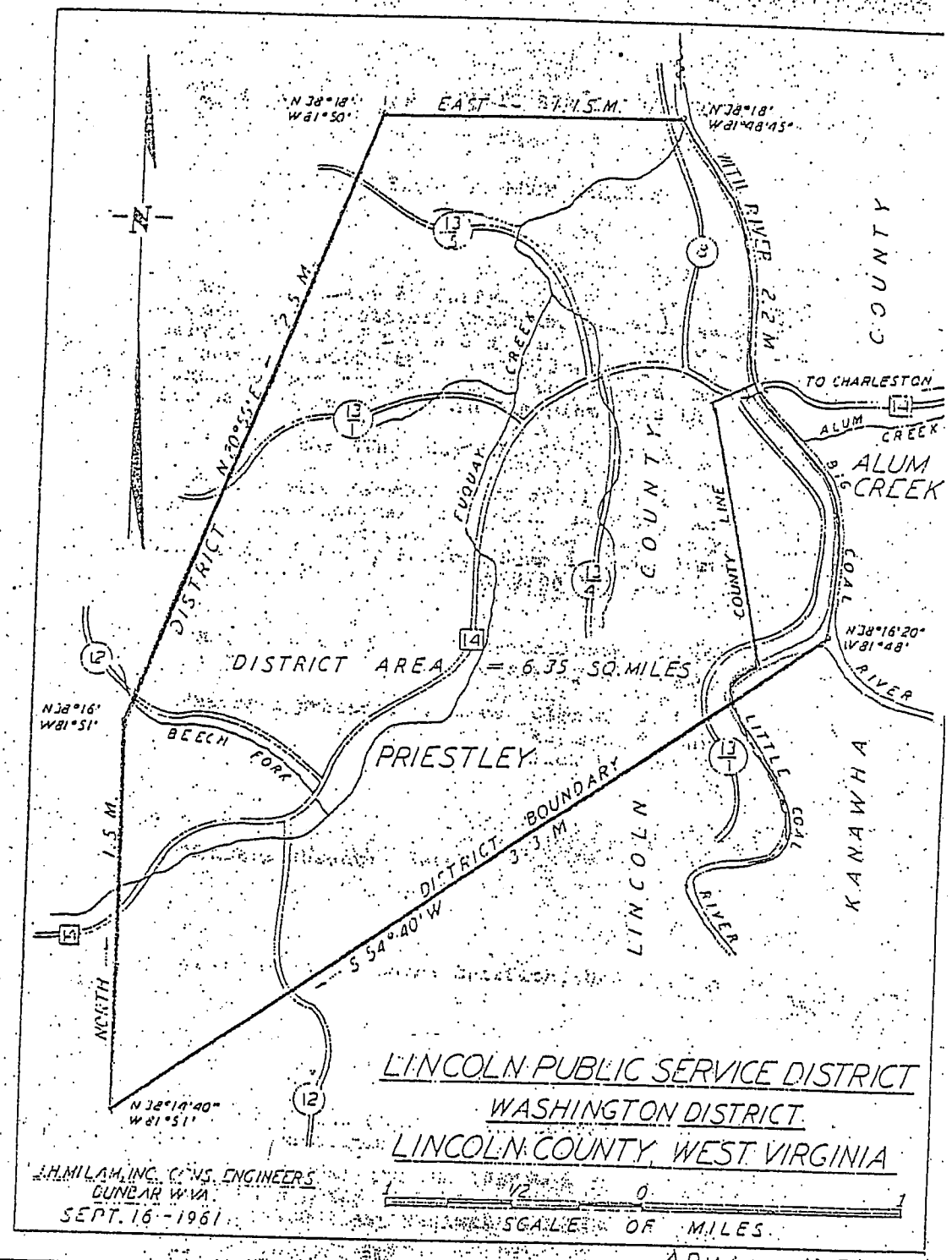
as shown upon a map or plat thereof made by J. H. Milam, Inc., a copy thereof being filed in the proceeding before the Court. A hearing upon said proposal has been set by the County Court of Lincoln County, West Virginia, the 6th day of July, 1963, at the hour of 10:00 o'clock a.m., in the County Court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

J. H. Milam 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. C.

at page _____ By Mary Ellen _____ 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, 19 98.

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 Chapter 16 of the West Virginia code.

III

There being no city, incorporated town or other municipal corporation included within said district,, the County Court hereby appoints the following three persons residing within said District as members of the Board of said District for the terms shown after their names:

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
COUNTY OF LINCOLN TO WIT:

IN THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA.

A RESOLUTION AND ORDER FIXING A DATE FOR A HEARING OF THE MOTION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, TO CONSOLIDATE LINCOLN PUBLIC SERVICE DISTRICT AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT INTO ONE TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, AND PROVIDING FOR PUBLICATION OF NOTICES OF SUCH HEARING.

WHEREAS, the County Court of Lincoln County, West Virginia, predecessor of the County Commission of Lincoln County, West Virginia, pursuant to and by virtue of the authority vested in it by Section 2, Article 13-A, Chapter 16 of the Code of West Virginia 1931, as last amended, did by orders and resolutions adopted on the 7th day of October, 1961, and the 6th day of July, 1963, create and recreate Lincoln Public Service District, as a public corporation and political subdivision of the State of West Virginia, embracing parts of Washington Districts of Kanawha and Lincoln Counties, West Virginia, the major portion thereof being within the confines of the boundaries of Lincoln County, West Virginia; and

WHEREAS, the boundaries of said Lincoln Public Service District was described in said orders and resolutions as follows:

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 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 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 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 into a single Public Service District shall be

LINCOLN PUBLIC SERVICE DISTRICT

a public corporation and political subdivision of the State of West Virginia.

(b) The territories proposed to be embraced in said Lincoln Public Service District, as consolidated, shall be the areas described by metes and bounds hereinbefore set forth in the aforesaid three orders

(c) The purposes of said Public Service District, as consolidated shall be to construct or acquire by purchase or otherwise and to maintain, operate, improve water and sewerage facilities and extension of Public Service properties within the territories as consolidated and to provide water and sewerage services for the public for industrial, public private and public uses.

(d) The territory described in the two districts does not include within each of their limits the territory of any other public service district organized under Article 13-A, Chapter 16, of the Code of West Virginia, nor does the territory described in the two districts include within their limits any city, incorporated town or municipal corporation; the territory described for McCorkle Griffithsville Public Service District is not now being furnished or supplied with water, or water services and does not have any public water facilities; neither of said territories is being furnished or supplied with sewerage service and do not have sewerage facilities.

SECTION 3. That on the 19th day of December, 1975, at the hour of 10 A. m., which date is not more than forty days nor less than twenty days from the date of this action, this commission shall meet in the County Courthouse at Hamlin, West Virginia, for the purpose of conducting a public hearing to consider and determine the feasibility of consolidating the existing Public Service Districts and all persons residing in or owning or having any interest in property in said proposed consolidated public service district shall have an opportunity to be heard for and against the consolidation, and at such hearing this commission shall consider and determine the feasibility of the consolidation of said Districts.

SECTION 4. That all matters arising upon said motion to consolidate the said public service districts shall be heard before the commission on the 19th day of December, 1975, which date is not more than forty days nor less than twenty days from the date of this action, at the hour of 10:00 o'clock a.m. at the Courthouse at Hamlin, Lincoln County, West Virginia; and the Clerk of this commission is ordered forthwith to publish a notice in the Lincoln Sentinel, a newspaper of general circul-

ation in Lincoln County, West Virginia, setting forth the contents of this order, including a description of the territories proposed to be included within said Public Service Districts as consolidated and providing that all persons residing in or owning or having any interest in property in said districts desiring to be heard for or against the consolidation of said districts will be heard, said notice to be published one time and not less than ten days prior to said hearing said notice to be a Class I Legal Advertisement.

SECTION 5. The Clerk of this Commission is further ordered to forthwith transmit certified copies of this order to the Clerk of the County Commission of Kanawha County, at Charleston, Kanawha County, West Virginia, setting forth the contents of this order, including a description of the 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 County West Virginia, upon its own motion, proposes to consolidate Lincoln Publ Service District and McCorkle-Griffithsville Public Service District into one Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the commission, and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating, and improving water and sewerage facilities, and extension of public service properties and to supply water and provide sewerage services to the public for industrial, public, private or other uses and providing for a source of water, water treatment and distribution within such territories and provide sewerage collection, transmission and treatment within said territories. The existing Districts, as consolidated, will be known as "Lincoln Public Service District". The boundaries before and after consolidation are as follows:

METES AND BOUNDS
OF

LINCOLN PUBLIC SERVICE DISTRICT
AS ORIGINALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 16' 20" N and a longitude of 81° 48' W, and running; thence S 54° 40' W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38° 14' 40" N and a longitude of 81° 51 W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38° 16' N and longitude 81° 51' W; thence N 20° 55' E 2.5 miles crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38° 18' N and longitude 81° 50' W; thence east 1.15 miles to a point in Big Coal River at latitude 38° 18' N and longitude 81° 48' 45" W, said point being northerly 1 mile from West Virginia Primary route 14; thence up the middle of Big Coal River with the meanders thereof for a distance of 2.2 miles more or less, to the begin-

ning, containing an area of 6.35 square miles, more or less, all as shown upon a map or plat made by J. H. Milam, Inc., dated September 16, 1961.

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

BEGINNING at a point in Secondary Route 14/6 having a latitude of N 18° 15' 00" and longitude W 81° 53' 16"; thence E 0.9 miles to a point having a latitude of N 38° 15' 00" and longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44" and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00' E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duvall and Washington magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated 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 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 th Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District, Lincoln County, WEst Virginia as shown on the map prepared by J.H. MIlam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

A Public hearing upon said proposal has been set by the County Commission of Lincoln County, West Virginia, on the 19th day of December, 1975, at the hour of 10 o'clock A.m., in the courthouse at Hamlin, Lincoln County, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said existing public service districts may appear and be heard for or against the consolidation, into one Public Service District

SECTION 7. In addition to publication of the notice herein provided for, there shall also be posted, in at least five (5) conspicuous places in each of the territories described above, notice of the hearing herein provided for said posting not less than ten days before said hearing.

Adopted by the County Commission of Lincoln County, West Virginia, this the 21st day of November, 1975.

/s/ Andrew J. Stowers
President

/s/ Ira W. Frye
Commissioner

/s/ Louis Abraham
Commissioner

Attest:

/s/ George W. Johnson
Clerk

I, GEORGE JOHNSON, Clerk of the County Commission of Lincoln County, West Virginia, do certify that the foregoing is a true and correct copy of the original of the order of the County Commission adopted on the 21st day of November, 1975.

Given under my hand and seal this the 21st day of November, 1975.

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

(LINCOLN COUNTY)

NOTICE OF A PUBLIC HEARING FOR THE CONSOLIDATION OF LINCOLN PUBLIC SERVICE DISTRICT IN WASHINGTON DISTRICT OF LINCOLN COUNTY AND KANAWHA COUNTY, WEST VIRGINIA AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT IN WASHINGTON AND DUVAL DISTRICTS OF LINCOLN COUNTY, WEST VIRGINIA, AND THE CONSOLIDATION OF SAID DISTRICTS INTO ONE PUBLIC SERVICE DISTRICT TO BE KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA.

Notice is hereby given that the County Commission of Lincoln County, West Virginia, upon its own motion, proposes to consolidate Lincoln Public Service District and McCorkle-Griffithsville Public Service District into one Public Service District to be known as Lincoln Public Service District, which Districts were originally created by the commission, and be consolidated for the purpose of constructing or acquiring by purchase or otherwise, and maintaining, operating, and improving water and sewerage facilities, and extension of public service properties and to supply water and provide sewerage services to the public for industrial, public, private or other uses and providing for a source of water, water treatment and distribution within such territories and provide sewerage collection, transmission, and treatment within said territories. The existing Districts, as consolidated, will be known as "Lincoln Public Service District". The boundaries before and after consolidation are as follows:

METES AND BOUNDS
OF

LINCOLN PUBLIC SERVICE DISTRICT
AS ORIGINALLY CREATED

BEGINNING at a point in Big Coal River at the mouth of Little Coal River, said point having a latitude of 38° 16' 20" N and a longitude of 81° 48' W, and running; thence S 54° 40' W 3.3 miles to a point 3960 feet south of West Virginia Primary Route 14 and having a latitude of 38° 14' 40" N and a longitude of 81° 51 W; thence N 1.5 miles (crossing West Virginia Primary Route 14 at 1/2 mile) to a point at latitude 38° 16' N and longitude 81° 51' W; thence N 20° 55' E 2.5 miles crossing West Virginia Secondary Route 12, 13/1 and 13/5 to a point at latitude 38° 18' N and longitude 81° 50' W; thence east 1.15 miles to a point in Big Coal River at latitude 38° 18' N and longitude 81° 45' 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 inthe Kanawha and Lincoln County boundary and also being a point in the original McCorkle-Griffithsville Public Service District, having a latitude of N 38° 13' 17" and a longitude of W 81° 50' 07"; thence in a southerly direction, 2.00 miles with the Little Coal River and the original McCorkle-Griffithsville Public Service District boundary to a point having a latitude of N 38° 12' 04" and a longitude of W 81° 50' 25"; thence having the Little Coal River and continuing with the original McCorkle-Griffithsville Public Service District's boundary N 45° 00' W, 3.00 miles to a point having a latitude of N 38°

13' 53" and a longitude of W 81° 52' 49"; thence with the original district boundary S 51° 33' W, 4.45 miles to a point having a latitude of N 38° 11' 30" and a longitude of W 81° 56' 37"; thence with the original district boundary N 45° 00' W, 3.65 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 81° 59" 28"; thence with the original district boundary W 0.70 miles to a point having a latitude of N 38° 13' 44" and a longitude of W 82° 00' 14"; thence with the original district boundary N 0.90 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 82° 00' 14"; thence with the original district boundary E, 0,70 miles to a point; thence with the original district boundary N 30° 00' E, 1.40 miles to a point; thence with the original district boundary E, 0.66 miles to a point; thence with the original district boundary S 30° W 1.40 miles to a point; thence with the original district boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 26"; thence with the original district boundary S 60° 00' E, 1.60 miles to a point having a latitude of N 38° 13' 49" and a longitude of W 81° 55' 54"; thence with the original district boundary N 60° 00' E 2.75 miles to a point having a latitude of N 38° 15' 00" and a longitude of W 81° 53' 16"; thence with the original district boundary E, 0.90 miles to a point; thence leaving the original McCorkle-Griffithsville Public Service District' boundary N 45° 30' E, 1.58 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of N 38° 16' 00" and longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 20° 55' E, 2.50 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 50" 00"; thence with the original district boundary E, 1.15 miles to a point in Big Coal River, said point also being in the Kanawha and Lincoln County boundary and having a latitude of N 38° 18" 00" and longitude of W 81° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial 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 31° 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. Stollard
President

Ira W. Hager
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 Vickers 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 Vickers

Subscribed and sworn to before me this 29 day of Nov, 19 75

Christine Cox

Notary Public of Kanawha County, West Virginia

My Commission expires January 15, 1980

Printer's Fee $ 98.81

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 N 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, 3.55 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° 48' 45"; thence with the original district boundary and the Big Coal River in a southerly direction, 2.20 miles to the POINT OF BEGINNING, containing a total area of 25.97 square miles, all of which is in the Duval and Washington Magisterial District Lincoln County, West Virginia as shown on the map prepared by J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, and dated November 20, 1975.

All persons residing in or owning or having any interest in property in said existing Public Service Districts, or in the areas proposed to be included in the consolidation, are hereby notified that the County Commission of Lincoln County, West Virginia, will conduct a public hearing on the 19th day of December, 1975, at 10 o'clock A.M., at the Courthouse at Hamlin, West Virginia, at which time and place all persons residing in or owning or having any interest in property in said public service districts may appear before the County Commission and shall have an opportunity to be heard for or against the consolidation of Lincoln Public Service District and McCorkle-Griffithsville Public Service District, into one Public Service District.

GIVEN under my hand at the courthouse of Lincoln County, at Hamlin, West Virginia, this the 1st day of November, 1975.

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

1-24-75 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 longitude W 81° 52' 16"; thence S 45° 00' E 2.8 miles to center of Coal River; thence with the center of Coal River and up stream 2.0 miles to a point having a latitude of N 38° 12' 04" and longitude W 81° 50' 25"; thence N 15° 00' W 3.0 miles to a point having a latitude of N 38° 13' 53" and longitude W. 81° 52' 49"; thence S 51° 33' W 4.45 miles to a point having a latitude of N 38° 11' 30" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude N 38° 13' 44" and a longitude W 81° 59' 28"; thence W 0.7 miles to a point having latitude N 38° 44" and longitude W 82° 00' 14"; thence N. 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 2.55 miles to a point having a latitude N 38° 14' 31" and longitude W 81° 57' 26"; thence S 60° 00' E 1.6 miles; thence N 60° 00" E 2.75 miles to place of beginning, containing 16.83 square miles, and being a portion of Duvall and Washington Magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1966, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF LINCOLN PUBLIC SERVICE DISTRICT AND McCORKLE-GRIFFITHSVILLE PUBLIC SERVICE DISTRICT AS CONSOLIDATED INTO ONE PUBLIC SERVICE DISTRICT KNOWN AS LINCOLN PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION AND POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA

BEGINNING at a point in the branch of Big Coal River and Little Coal River, said point being a point in the original Lincoln Public Service District's boundary and having a latitude of N 38° 16' 20" and a longitude of W 81° 48' 00"; thence with the boundary of the original Lincoln Public Service district S 54° 40' W, 3.30 miles to a point having a latitude of N 38° 14' 40" and a longitude of W 81° 51' 00"; thence leaving the boundary of the original Lincoln Public Service District S 27° 20' E, 1.73 miles to a point in the Little Coal River, said point being in the

Affidavit of Publication

Copy

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

I, E. M. Brewer, publisher ~~xxxxxx 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 16th. 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:

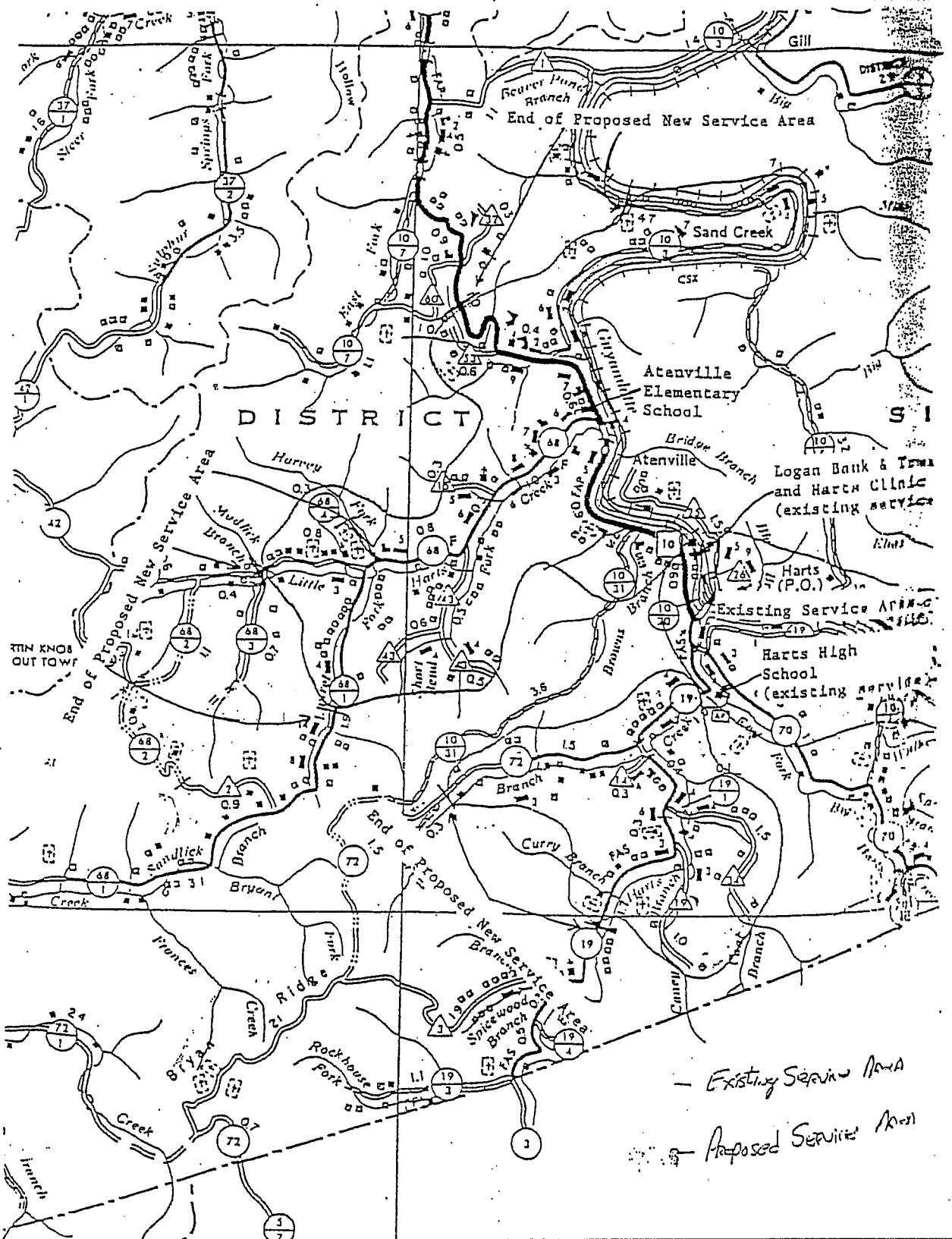
CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE 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
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

MKM

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 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 5th 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 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' 30"" N and a longitude of 81° 48' W, and running; thence S 54° 40' W 3.2 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 29° 55' E, 7.5 miles, crossing West Virginia Secondary Route 12, 12/1 and 12/5 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 plant made by J.H. Milam, Inc., dated September 14, 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 0.7 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 upstream 2.6 miles to a point having a latitude of N 38° 17' 04" and longitude W 81° 50' 35"; thence N 15° 00' W 2.0 miles to a point having a latitude of N 38° 17' 52" and longitude W 81° 52' 15"; thence S 31° 00' W 4.61 miles to a point having a latitude of N 38° 11' 20" and longitude W 81° 56' 37"; thence N 45° 00' W 3.65 miles to a point having a latitude of N 38° 13' 44" and a longitude W 81° 59' 23"; thence W 0.7 miles to a point having latitude N 38° 14' and longitude W 82° 00' 14"; thence N 0.9 miles to a point having a latitude of N 38° 14' 31" W 82° 00' 14"; thence E 7.55 miles to a point having a latitude N 38° 14' 31" and a longitude W 81° 57' 24") thence S 40° 00' E 1.4 miles; thence N 60° 00' E 2.25 miles to place of beginning, containing 16.83 square miles, and being a portion of Duval and Washington Magisterial Districts of Lincoln County, West Virginia, as shown on a map prepared by J.H. Milam, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, dated February 24, 1964, and titled "McCorkle Griffithsville Public Service District, Lincoln County, West Virginia."

METES AND BOUNDS OF

LINCOLN PUBLIC SERVICE DISTRICT AND McCORKLE-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° 14' 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 32° 70' E 1.72 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° 12' 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' 12"; 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° 12' 52" and a longitude of W 81° 52' 49"; thence with the original district boundary S 31° 32" W, 1.45 miles to a point having a latitude of N 38° 11' 32" and a longitude of W 81° 54' 32"; thence with the original district boundary N 45° 00' W, 3.46 miles to a point having a latitude of N 38° 13" 14" and a longitude of W 81° 57' 28"; thence with the original district boundary W 6.70 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, 6.70 miles to a point thence with the original district boundary N 38° 00' E, 1.44 miles to a point; thence with the original district boundary E 0.66 miles to a point; thence with the original district boundary S, 30°, W 1.40 miles to a point; thence with the original boundary E, 1.19 miles to a point having a latitude of N 38° 14' 31" and a longitude of W 81° 57' 16"; 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 1.25 miles to a point having a latitude of N 38° 13' 00" and a longitude of W 81° 55' 14"; 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° 00' E, 1.38 miles to a point in the original Lincoln Public Service District's boundary; having a latitude of N 38° 14' 00" and a longitude of W 81° 51' 00"; thence with the original Lincoln Public Service District's boundary N 70° 51' E, 2.10 miles to a point having a latitude of N 38° 18' 00" and a longitude of W 81° 38" 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° 13' 00" and longitude of W 81° 48' 15"; thence with the original district boundary and the Big Coal River in a southerly direction, 7.70 miles to the POINT OF BEGINNING, containing a total area of 15.17 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 18, 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 16th day of Nov. 1975.

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

(12-14)

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 COURTHOUSE.

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-MIDKIFF 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

Doug Waldron
DOUG WALDRON, COMMISSIONER

CERTIFIED TO BE A TRUE COPY

TESTE: Donald C. Wilson

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
CHARLES S. MCCANN, PRESIDENT

Buster Stowers
BUSTER STOWERS, COMMISSIONER

Doug Waldron
DOUG WALDRON, COMMISSIONER

CERTIFIED TO BE A TRUE COPY

TESTE: Donald C. Whitten
CLERK, LINCOLN

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 LINCOLN COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 3RD DAY OF FEBRUARY 2005 THE FOLLOWING ORDER WAS MADE AND ENTERED :

SUBJECT: **LINCOLN PUBLIC SERVICE DISTRICT**

THE FOLLOWING MOTION WAS OFFERED BY **CHARLES MCCANN,** COMMISSIONER:

TO APPROVE THE APPOINTMENT OF FRED SNODGRASS AND JERRY D. LINVILLE AS BOARD OF DIRECTOR OF THE LINCOLN PUBLIC SERVICE DISTRICT

THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

BY **CHARLES MCCANN,** COMMISSIONER AND DULY SECONDED

BY **CHARLES VANCE,** COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	COMMISSIONER	AYE
BUSTER STOWERS	COMMISSIONER	AYE
CHARLES VANCE	COMMISSIONER	AYE

WHEREUPON, CHARLES 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

CERTIFIED TO BE A TRUE

TESTE: Donald C. Whites

CLERK LINCOLN COUNTY COMMISSION

AT A REGULAR SESSION OF THE LINCOLN COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 12TH DAY OF AUGUST, 2004 THE FOLLOWING ORDER WAS MADE AND ENTERED :

SUBJECT: **LINCOLN PUBLIC SERVICE DISTRICT**

THE FOLLOWING MOTION WAS OFFERED BY CHARLES VANCE, COMMISSIONER:

TO APPOINT GILMORE MOSTELLER AS A BOARD OF DIRECTOR TO THE LINCOLN PUBLIC SERVICE DISTRICT

THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

BY **CHARLES VANCE,** COMMISSIONER AND DULY SECONDED

BY **BUSTER STOWERS,** COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	COMMISSIONER	AYE
BUSTER STOWERS	COMMISSIONER	AYE
CHARLES VANCE	COMMISSIONER	AYE

WHEREUPON, CHARLES 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

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, TO WIT:

I, Gilmer Mosteller, 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 discharge the duties of the Board of Directors of the Lincoln Public Service District for the County of Lincoln, and the State of West Virginia to the best of my skill and judgement, So Help Me God.

Gilmer Mosteller
Gilmer Mosteller

Taken, subscribed and sworn to before the undersigned authority the 18th day of May, 2006

My commission expires March 4, 2012.

Judith A. Johnson
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JUDITH A. JOHNSON
LINCOLN CO. COMMISSION
P. O. BOX 497
HAMLIN, WV 25523
My commission expires March 4, 2012

CERTIFIED TO BE A TRUE
TESTE: Donald C. Whites
CLERK LINCOLN COUNTY COMMISSION

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, TO WIT:

I, Fred Snodgrass, 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 discharge the duties of the Board of Directors of the Lincoln Public Service District for the County of Lincoln, and the State of West Virginia to the best of my skill and judgement, So Help Me God.

Fred Snodgrass

Taken, subscribed and sworn to before the undersigned authority the 18th day of May, 2006

My commission expires March 4, 2012.

Judith A. Johnson
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JUDITH A. JOHNSON
LINCOLN CO. COMMISSION
P. O. BOX 497
HAMLIN, WV 25523
My commission expires March 4, 2012

CERTIFIED TO BE A TRUE
TESTE: Donald C. Whites
CLERK LINCOLN COUNTY COMMISSION

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, TO WIT:

I, Jerry Linville, 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 discharge the duties of the Board of Directors of the Lincoln Public Service District for the County of Lincoln, and the State of West Virginia to the best of my skill and judgement, So Help Me God.

Jerry Linville

Taken, subscribed and sworn to before the undersigned authority the 18th day of May, 2006

My commission expires March 4, 2012.

Judith A. Johnson
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JUDITH A. JOHNSON
LINCOLN CO. COMMISSION
P. O. BOX 497
HAMLIN, WV 25523
My commission expires March 4, 2012

CERTIFIED TO BE A TRUE
TESTE: Donald C. Whitten
CLERK LINCOLN COUNTY COMMISSION

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

NOTICE IS HEREBY GIVEN that Lincoln Public Service District, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance and upgrade of its water treatment system water line extensions and associated appurtenances.

The project will consist of an extension of water service into the Pine Grove/Priestly Ridge areas of Lincoln County consisting of the construction of approximately 36,000 ?? of eight (8) inch water line and small diameter water lines, one (1) water storage tank, one (1) booster pumping station, a radio telemetry system, fire hydrants and related appurtenances necessary to extend water service to forty-nine (49) new customers and the Penn Virginia Operating Co., LLC.

The District intends to finance the project by the following means: (1.) a WV Small Cities Block Grant in the amount of $1,104,000, (2.) a Lincoln County Commission Grant in the amount of $25,000; and (3.) a loan through the WVIJDC in the amount of $576,000 at aninterest rate of 0% for a period of forty (40) years, totalling $1,705,000.00.

The proposed project-related rates for the project are not to exceed the following:

APPLICABILITY
Applicable in all areas served by Lincoln Public Service District.

AVAILABILITY
Available for residential, commercial, public authority, industrial, and resale water service.

RATES (customers with metered water supply)

First	3,000 gallons used per month	$9.54
Next	3,000 gallons used per month	$9.16
Next	4,000 gallons used per month	$8.37
Next	10,000 gallons used per month	$7.74
Next	30,000 gallons used per month	$6.73
All Over	50,000 gallons used per month	$5.04

Flat Rate Charge (customers with non-metered water supply)
Equivalent to 4,500 gallons of water usage, $42.36

Minimum Charge
No minimum bill will be rendered for less than $28.62 per month which is the equivalent of 3,000 gallons.

				Equivalent gallons
5/8	inch meter	$28.62	per month	3,000
3/4	inch meter	$42.93	per month	4,561
1	inch meter	$71.55	per month	7,843
1.5	inch meter	$143.10	per month	16,907
2	inch meter	$228.96	per month	29,199
3	inch meter	$429.30	per month	62,468
4	inch meter	$715.50	per month	119,273
6	inch meter	$1,431.00	per month	261,287

Returned Check Charge
A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank for any reason.

Delayed Payment Penalty
The above schedule is net. On all accounts not paid in full when due, ten percent 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.

Reconnection Fee $25.00
To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

Tap Fee
The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $250.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

Leak Adjustment
$2.50 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

These rates represent the following increases:

	($) INCREASE	($) INCREASE
Residential (4,000 gallons)	$5.38	16.6%
Commercial (4,000 gallons)	$7.98	16.6%
Industrial	N/A	N/A
Resale	N/A	N/A
Other	N/A	N/A

Rates increases may also be proposed for non project-related costs. Non project-related rate increases are not to exceed the following:

	($) INCREASE	($) INCREASE
Residential (4,000 gallons)	$5.38	16.6%
Commercial (4,000 gallons)	$7.98	16.6%
Industrial	N/A	N/A
Resale	N/A	N/A
Other	N/A	N/A

Lincoln Public Service District has no resale customers.

The proposed increased rates and charges and projected customers will produce approximately $149,819.00 annually in additional revenue, an increase of 18.5%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

LINCOLN PUBLIC SERVICE DISTRICT,
A public utility in Lincoln County.
Charles R. Holbrook

(613883)

LINCOLN PSD
Regular Meeting
January 26, 2006 – 7:30 P.M.

PRESENT
Fred Snodgrass, Chairman
Gilmer Mosteller, Board Member
Jerry Linville, Board Member
Jim Wesolowski, Manager
Sharon Ryan, Office Manager
Tony Mosteller, Field Supervisor

VISITORS
Sue & Gerald Priestley, Pine Grove
Patty Wesolowski
Wayne Hypes, Dunn Engineering
Dempsey & Linda Lacy, Pine Grove
Gary McMellon, Alum Creek
Kevin Jividen, Pine Grove
Bob Baldwin, ANB Sales
Mike Wilmoth, Bell Engineering
Ron McMaine, Bell Engineering

Meeting called to order at 7:30 P.M. by Manager Wesolowski

ELECTION
Jerry Linville nominated Fred Snodgrass for Chairman, second by Gilmer Mosteller. Motion passed. Fred Snodgrass nominated Sharon Ryan for Secretary/Treasurer, second by Gilmer Mosteller. Motion passed.

Meeting turned over to Chairman Snodgrass.

ROLL CALL
Fred Snodgrass, Gilmer Mosteller and Jerry Linville present.

RECOGNITION OF VISITORS
Visitors recognized and welcomed by Chairman Snodgrass

REQUESTS & COMPLAINTS

ADJUSTMENT REPORT
Sharon Ryan reported 6 leak adjustments for $346.79 and 3 misread adjustments for $120.57. Gilmer Mosteller made a motion to accept report, second by Jerry Linville. Motion carried.

SO. PUTNAM PSD REQUEST
Chairman Snodgrass read a letter (attached) from So. Putman PSD requesting Lincoln PSD to join Coalition Against AEP Increase and a donation of $1,000.00. Manager Wesolowski responded our budget will not allow this donation. Gilmer Mosteller made a motion to direct Manager Wesolowski to write a letter (copy attached) explaining LPSD concurs with this action but does not have the resources to join at this time. Second by Jerry Linville. Motion carried.

ANNOUNCEMENTS

1. Alkol Phase I, USDA RUS FONSI Public Meeting will be held Tuesday, February 7, 2006 @ 6:00 P.M. at Sycamore Grove Baptist Church.
   Office will be closed Monday, February 20, 2006, Presidents Day
2. LPSD next board meeting will be Thursday, February 23, 2006 @ 7:30 P.M.

ADJOURNMENT

There being no further business, Gilmer Mosteller made a motion to adjourn at 8:55 P.M. Second by Jerry Linville. Motion Carried.

Chairman

Sharon Ryan
Secretary

Gilmer Mosteller

FEB 23, 2006
Date

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF THE BOND RESOLUTION
SUPPLEMENTAL RESOLUTION, AND FIRST DRAW

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

*** *** ***

The Public Service Board of Lincoln Public Service District met in special session, pursuant to notice duly posted, on the 10th day of July, 2006, in Alum Creek, West Virginia, at the hour of 7:30 p.m.

PRESENT:	Chairman	-	Fred Snodgrass
	Secretary/Treasurer	-	Sharon Ryan
	Member	-	Jerry Linville
	Member	-	Gilmer Mosteller

ABSENT: None

Fred Snodgrass, Chairman, presided, and Sharon Ryan acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $576,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF LINCOLN PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN

AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

Next, the Chairman presented a proposed Resolution in writing entitled:

RESOLUTION OF THE BOARD OF LINCOLN PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO THE CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED PINE GROVE/PRIESTLY RIDGE PROJECT WATER PROJECT AND AUTHORIZING PAYMENT HERETO

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

*** *** ***

CERTIFICATION

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

WITNESS my signature on this 13th day of July, 2006.

Sharon Ryan
Secretary

07.07.06
523780.00003

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

NEW ISSUE REPORT FORM

Date of Report: July 13, 2006

(See Reverse for Instructions)

ISSUE: Lincoln Public Service District Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 38, Alum Creek, West Virginia 25300

COUNTY: Lincoln and Kanawha Counties

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: _____

ISSUE DATE: July 13, 2006

CLOSING DATE: July 13, 2006

ISSUE AMOUNT: $576,000

RATE: 0%

1ST DEBT SERVICE DUE: September 1, 2007

1ST PRINCIPAL DUE: September 1, 2007

1ST DEBT SERVICE AMOUNT: $3,692.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esq.
Phone: 353.8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 340.1318

CLOSING BANK: Community Trust Bank
Contact Person: Janet
Phone: 756.3317

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: John Mottesheard
Position: General Manager
Phone: 304.756.2520

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Jefferson Brady
Function: Executive Director
Phone: 558.4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: ____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: _____

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

CH704907.2

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.

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Community Trust Bank, Alum Creek, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Lincoln Public Service District (the "Issuer") adopted July 10, 2006, and the Supplemental Resolution of the Issuer adopted July 10, 2006 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the principal amount of $576,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this July 13, 2006.

COMMUNITY TRUST BANK

By: Michael B. Nohm, MARKET PRESIDENT
Its: Authorized Officer

07.07.06
523780.00003

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Lincoln Public Service District Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the principal amount of $576,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 13th day of July, 2006.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07.07.06
523780.00003

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Lincoln Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, dated July 13, 2006, in the principal amount of $576,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 13th day of July, 2006.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07.07.06
523780.00003

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 13th day of July, 2006, by and between LINCOLN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $576,000 Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted July 10, 2006, and the Supplemental Resolution of the Issuer duly adopted July 10, 2006 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross

income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Lincoln Public Service District
Post Office Box 38
Alum Creek, West Virginia 253003
Attn: Chairman

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

LINCOLN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07.07.06
523780.00003

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date July 11, 2006

Lincoln Public Service District
Account Number 6089001809

Lincoln Public Service District
Water Revenue Bond, Series 2006 A
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR July, 2006

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	$	500.00

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA . . *
* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . *

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Pine Grove/Priestley Ridge Water Line Extension PERMIT NO.: 16,288

LOCATION: near Priestley COUNTY: Lincoln DATE: 10-25-2004

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Lincoln Public Service District
Post Office Box 38
Alum Creek, West Virginia 25003

is hereby granted approval to: to amend and modify Permit No. 15,423, issued October 21, 2002 for the water line extension to serve the Pine Grove/Priestley Ridge areas in the Lincoln Public Service District. The permit is being extended to October 25, 2006.

NOTE: **This permit is contingent upon all unchanged conditions and requirements of Permit No. 15,423 remaining in effect.**

The Environmental Engineering Division of the St. Albans District Office (304) 722-0611, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:nlh

pc: HMB Professional Engineers, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Lincoln County Health Department
OEHS-EED St. Albans District Office

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

(Water)
PROJECT: Pine Grove/Priestley Ridge Water Line Extension PERMIT NO.: 15,423

LOCATION: near Priestley COUNTY: Lincoln DATE: 10-21-2002

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Lincoln Public Service District
Post Office Box 38
Alum Creek, West Virginia 25003

is hereby granted approval to: install one (1) 200 G.P.M. duplex water booster station; one (1) 100,000 gallon water storage tank; approximately 16,340 LF of 8", 13,260 LF of 6" and 5,050 LF of 2" water line; and all necessary valves, controls and appurtenances.

Facilities are to serve approximately 55 customers in the Pine Grove/Priestley Ridge areas in the Lincoln Public Service District.

NOTE: **This permit is contingent upon: 1) All new water lines and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum eighteen (18) inches vertical separation between crossing sewer and water lines, with the water line above the sewer line; and 3) The installation of a minimum six (6) feet high fence with a locking gate around the proposed new water storage tank.**

The Environmental Engineering Division of the St. Albans District Office (304) 722-0611, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec
pc: HMB Professional Engineers, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Lincoln County Health Department
OEHS-EED St. Albans District Office

BLANKET PROTECTOR BUSINESS AUTO COVERAGE FORM – DECLARATIONS

ISSUED BY: NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

ITEM ONE

Policy Number: RENEWAL
92 BA 316-049-0001 W

Named Insured
Mailing Address LINCOLN PUBLIC SERVICE
DISTRICT INC
PO BOX 38
ALUM CREEK WV 25003

POLICY PERIOD: From FEBRUARY 23, 2006 to FEBRUARY 23, 2007 at 12:01 A.M. Standard Time at your mailing address.

FORM OF BUSINESS: CORPORATION

DESCRIPTION OF BUSINESS: WATER WORKS

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE TO PROVIDE YOU WITH THE INSURANCE AS STATED IN THIS POLICY.

In the event of cancellation by you, we shall receive and retain not less than $100 as the minimum premium.

POLICYHOLDER MESSAGES

Coverages selected for your Business Auto Policy are displayed on Page 2 of the Declarations.

PREMIUM INCLUDES WV PREMIUM TAX $ 71.63

Date of Issue: 01-31-06
Countersignature Date: 2/28/06

Issuing Office: P.O. BOX 8379 CANTON, OH 44711
Agency At: CHARLESTON WV 25314
Agent: TEDDY ATKINS

0002745-47

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LINCOLN PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

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

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2002 Bonds for the proceeds representing the purchase price of the Series 2002 Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

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

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

"Net Proceeds" means the face amount of the Series 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Government Obligations;

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

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

Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2002 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

ARTICLE II

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

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

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

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

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

ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. If other than the Authority, a list of the names in which the Series 2002 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2002 Bonds.

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

(FORM OF SERIES 2002 A BOND)

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

No. AR-1 $_____

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

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

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

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

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

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

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

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2002 B BOND)

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

No. BR-1 $_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

(2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);

(3) Series 2002 A Bonds Construction Trust Fund;

(4) Series 2002 B Bonds Construction Trust Fund; and

(5) Rebate Fund for the Series 2002 A Bonds.

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

(1) Series 1975 Bonds Reserve Account (established by the Prior Resolutions);

(2) Series 1998 Bond Reserve Account;

(3) Series 2002 A Bonds Sinking Fund;

(4) Series 2002 A Bonds Reserve Account;

(5) Series 2002 B Bonds Sinking Fund; and

(6) Series 2002 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the

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

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

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

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

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

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

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

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

deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

07/29/02
523780.00001

CH518494.1

EXHIBIT A

Loan Agreement

(See Tab No. 3)

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 Bond,
Series 1975

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $1,056,000 WATER REVENUE BOND, SERIES 1975, OF LINCOLN PUBLIC SERVICE DISTRICT TO FINANCE PART OF THE COSTS OF CONSTRUCTION OF ADDITIONS TO ITS EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR FIXING AND COLLECTING RATES AND CHARGES FOR THE SERVICES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHT AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Lincoln Public Service District is a public service district created pursuant to said Article 13A.

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

(A) Lincoln Public Service District (herein called the "District"), in Lincoln and Kanawha Counties, State of West Virginia, now has a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed and acquired additions, extensions and improvements for the existing waterworks of the District (such waterworks together with the Project and all future additions, extensions and improvements being herein collectively called the "System"), consisting of a new water intake, a new additional and supplemental water treatment plant, additional water distribution and transmission lines, one or more new water storage tanks

and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (herein called the "Board") of the District.

(C) It is necessary for the District to issue its revenue bond in the principal amount of $1,056,000 to finance part of the cost of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project as hereinafter defined is $2,237,000, of which $1,056,000 will be obtained from the proceeds of sale of the Bond herein authorized $731,000 from a grant to the District by the Government, and $450,000 from a grant to the District by United States Department of Housing and Urban Development.

(E) The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction and acquisition of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized by this resolution.

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

(G) There is outstanding a series of water revenue bonds of the District which will have priority over the Bond hereby authorized as to liens, pledge and source of and security for payment, as follows:

Water Revenue Bonds, dated September 1, 1963 (the "1963 Bonds"), now outstanding in the principal amount of $135,000.

The Bond will be junior and subordinate as to liens, pledge and source of and security for payment, and in all other respects, to the 1963

Bonds outstanding and the interest thereon. Except for the 1963 Bonds and current expenses, the District does not have any outstanding Bonds or other obligations payable out of the revenues of the System.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction and acquisition of the Project, operation of the System and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Government, this resolution shall be deemed to be and shall constitute a contract between the District and the Government, and the covenants and agreements herein set forth to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the $1,056,000 Water Revenue Bond, Series 1975, No. 1, originally authorized to be issued pursuant to this resolution.

"1963 Bonds" means the bonds of the District described in Section 1.02(G) above.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia, or any qualified engineer or firm of

engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Lincoln Public Service District, of Lincoln and Kanawha Counties, West Virginia, and, where appropriate, also means the Public Service Board thereof.

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

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration, and any governmental successor thereof.

"Herein" means in this resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the owner of the Bond.

"Net Revenues" means the balance of the gross revenues, as defined herein, remaining after deduction only of operating expenses, as defined herein.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" means the initial System, as described above in Section 1.02(B), to be constructed as herein provided and financed in part with the proceeds of sale of the Bond.

"1963 Resolution" means the resolution adopted June 5, 1964, providing for issuance of the 1963 Bonds.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"System" means the complete waterworks of the District, including all water facilities now owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks after completion of the acquisition and construction of the Project provided for herein.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1975" is hereby authorized to be issued in the principal amount of not exceeding One Million Fifty-Six Thousand Dollars ($1,056,000) for the purpose of financing part of the costs of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and the corporate seal of the District shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith equally and ratably by a lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, both such liens being subordinate to such liens in favor of the 1963 Bonds outstanding. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due, subject to the pledge of such net revenues in favor of the 1963 Bonds.

Section 2.06. Form of Bond. Subject to the provisions of this resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1975

LINCOLN PUBLIC SERVICE DISTRICT

No. 1

$1,056,000 Date: _____

FOR VALUE RECEIVED, LINCOLN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million Fifty-Six Thousand Dollars ($1,056,000), plus interest on the unpaid principal balance at the rate of five per centum (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first 24 months after the date hereof, and $5,185, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond

shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the

principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of improvements for the waterworks (herein, with all additions, called the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home

Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is junior and subordinate as to liens, pledge and source of and security for payment, and in all other respects, to the Waterworks Revenue Bonds of the Borrower dated September 1, 1963, now outstanding.

LINCOLN PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Alum Creek, West Virginia 25003
(City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond and all moneys received under any construction loan or grant, except as may otherwise be provided in this Section, shall be deposited on receipt by the District in First National Bank of West Hamlin, West Hamlin, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "Lincoln Public Service District Waterworks Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Constructic 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

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, 1978.

Robert V. Powers
Chairman of Public Service Board

Member

James E. Ryan
Member

LINCOLN PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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United States Department of Agriculture
Rural Development
West Virginia State Office

June 26, 2006

Lincoln Public Service District
Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

CONSENT TO ISSUANCE OF PARITY BONDS

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 Series 2003 A Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the original aggregate principal amount not to exceed $576,000 (the "Series 2006 A Bonds"), by Lincoln Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2006 Bonds (the "Resolution"), on a parity as to liens, pledge and source of and security for payment, and in all respects, with the Issuer's outstanding Water Revenue Bonds, Series 2003 A (United States Department of Agriculture) dated July 3, 2003, (the "Prior Bonds"), (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2006 Bonds or the Resolution, and (iii) consents to any amendments made to the Prior Resolutions or the Prior Bonds by the Resolution.

State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

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WEST VIRGINIA
Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

July 13, 2006

Lincoln Public Service District
Water Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, in reliance upon the certificate of Griffith & Associates, CPAs, independent certified public accountants and the opinion of Steptoe & Johnson PLLC, bond counsel, that the Issuer has met the coverage and parity requirements set forth in the Resolutions authorizing the Prior Bonds, hereby consents to the issuance of the Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Series 2006 A Bonds"), in the principal amount of $576,000, by Lincoln Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2006 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), 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), and with the Series 1998 Bonds and the Series 2002 Bonds (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: _____
Its: Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **July 13, 2006**

Re: **Lincoln Public Service District**
Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)

DISBURSEMENTS TO DISTRICT:

Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$104,941
Form:	Wire Transfer
Bank:	Community Trust Bank, Alum Creek, WV
ABA No.:	042102694
Acct. No.:	4001394480
Contact:	304.756.3317
Account:	Series 2006 A Bonds

07.10.06
523780.00003

CH833982.2

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and LINCOLN PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $51,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

LINCOLN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman
Date: 7-10-06

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: 7-13-06

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

{C1104109.1}

Exhibit A

Project Description

The Project consists of the acquisition and construction of certain additions, improvements and extensions to the existing waterworks facilities of the Governmental Agency, consisting of extension of water service into the Pine Grove / Priestly Ridge areas of Lincoln County by construction approximately 36,000 linear feet of eight inch water line and smaller diameter water line, one storage tank, one booster pumping station, a radio telemetry system, and fire hydrants, together with all necessary appurtenant facilities (the "Project").

State of West Virginia

Joe Manchin III

Governor

Office of the Governor
State Capitol
1900 Kanawha Blvd., East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

June 28, 2006

The Honorable Charles S. McCann
President
Lincoln County Commission
Post Office Box 497
Hamlin, West Virginia 25523-0497

Dear Commissioner McCann:

This is in response to your request for additional dollars to assist in covering the cost overrun on the construction contract for the Pine Grove/Priestley Ridge Water Line Extension project. I am pleased to commit $39,215 from the Small Cities Block Grant Program.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary paperwork in order to proceed with your project. This commitment of assistance is contingent upon all other funding being in place.

I am pleased to assist with these improvements for the citizens of Lincoln County.

With warmest regards,

Joe Manchin III
Governor

JM:jms

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

October 3, 2002

The Honorable Charles McCann
President
Lincoln County Commission
Post Office Box 497
Hamlin, West Virginia 25523

Dear Commissioner McCann:

Thank you for your application to the Small Cities Block Grant Program (SCBG).

Your request has been approved in the amount of $800,000. These funds will bring the total SCBG commitment to $1,104,000 and will enable you to complete the Lincoln County Public Service District's water line extension project to the Pine Grove and Priestly Ridge areas of Lincoln County.

The West Virginia Development Office (WVDO), Community Development staff, will contact you to amend the SCBG contract in order to proceed with your project.

Please be reminded that the WVDO reserves the right to withdraw funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Lincoln County.

Very truly yours,

Bob Wise

Bob Wise
Governor

BW:lgd

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

December 18, 2001

The Honorable Charles McCann
President
Lincoln County Commission
8000 Court Avenue
Hamlin, West Virginia 25523

Dear Commissioner McCann:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,104,000. These funds will enable you to assist with constructing a water line extension from the Lincoln County Public Service District to the Pine Grove and Priestly Ridge areas. The extensions will serve 55 households and the site of Fork Creek Mining Company's Tiny Creek #2 mine where new jobs will be created in an economically distressed area.

In order to effectively use the limited dollars available, I hereby commit $304,000 from our fiscal year 2002 allocation that will immediately be available to you. The remaining $800,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Ms. Jessie Richardson of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with you project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Lincoln County.

Very truly yours,

Bob Wise
Governor

BW:rc