

**RESTATED BOND ANTICIPATION NOTE DOCUMENTS**  
**September 10, 2010**

**LUBECK PUBLIC SERVICE DISTRICT**  
**SEWERAGE SYSTEM BOND ANTICIPATION NOTE, SERIES 2010**  
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

Closing Date: February 25, 2010

**TRANSCRIPT OF PROCEEDINGS**

<u>DESCRIPTION</u>	<u>INDEX NO.</u>
Supplemental Resolution.	1
Infrastructure Council Loan Agreement.	2
Specimen Note.	3
Receipt of Replacement Note.	4
Municipal Bond Commission New Issue Report Form.	5
Bond Counsel Opinion.	6

LUBECK PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2010  
(WEST VIRGINIA INFRASTRUCTURE FUND)

SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION REDUCING THE  
PRINCIPAL AMOUNT OF THE SEWERAGE SYSTEM BOND  
ANTICIPATION NOTES, SERIES 2010 (WEST VIRGINIA  
INFRASTRUCTURE FUND) AND AUTHORIZING THE ISSUANCE  
OF A REPLACEMENT NOTE

WHEREAS, the Public Service Board (the “Governing Body”) of Lubeck Public Service District (the “Issuer”) has duly and officially adopted a Supplemental Resolution on February 11, 2010 (the “First Supplemental Resolution”) entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE  
PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE,  
PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE  
LUBECK PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS,  
SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND  
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2010  
(WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND  
APPROVING THE SALE AND DELIVERY OF SUCH BONDS AND  
NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY; APPROVING AND RATIFYING THE LOAN  
AGREEMENTS WITH RESPECT TO SUCH BONDS AND NOTES;  
DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY  
BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS  
AND NOTES.

WHEREAS, the Issuer has duly and officially adopted a Resolution on February 11, 2010 (the “Resolution”), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE  
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005  
(WEST VIRGINIA INFRASTRUCTURE FUND) OF LUBECK PUBLIC  
SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT  
OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY  
THE DISTRICT OF NOT MORE THAN \$2,136,720 IN AGGREGATE

PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN \$4,141,959 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2010 (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 THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) and the Sewerage System Bond Anticipation Notes, Series 2010 (West Virginia Infrastructure Fund), of the Issuer, in the respective aggregate principal amounts not to exceed \$2,136,720 and \$4,141,959 (collectively, the "Bonds" and the "Notes" or individually, the "Series 2010 A Bonds" and the "Series 2010 Notes"), and has authorized the execution and delivery of loan agreements relating to the Bonds and the Notes, including all schedules and exhibits attached thereto (collectively, 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 Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds and the Notes should be established by a supplemental resolution, and that other matters relating to the Bonds and the Notes be therein provided for;

WHEREAS, the Supplemental Resolution set the terms of the Bonds;

WHEREAS, the Series 2010 Notes were issued in an amount that was equal to \$400 more than the amount actually due to the Authority;

WHEREAS, the Issuer desires to amend the principal amount of the Series 2010 Note to reflect the correct principal amount payable to the Authority; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Second Supplemental Resolution") be adopted, that the exact principal amount be amended and that a replacement Series 2010 Note be executed and delivered to the Authority.

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

Section 1. The Issuer hereby amends Section 1 of the Supplemental Resolution to read as follows:

A. Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of \$2,136,720. The Series 2010 A Bonds shall be dated the date of delivery, shall finally mature March 1, 2039, and shall bear no interest. The principal of the Series 2010 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2010 A Bonds. The Series 2010 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 2010 A Bonds.

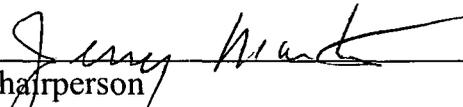
B. Sewerage System Bond Anticipation Notes, Series 2010 (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single note, numbered R-1, in the original principal amount of \$4,141,559. The Notes shall be dated the date of delivery, shall finally mature March 1, 2015, and shall bear no interest. The principal of the Notes shall be payable in annual installments of One Hundred Dollars (\$100) on June 1, 2010, June 1, 2012, June 1, 2013, and June 1, 2014, and with the entire outstanding principal amount payable in full on March 1, 2015, as set forth in the Notes and the Schedule Y attached to the Loan Agreement. The Notes 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 Notes.

Section 2. The Issuer is hereby authorized to execute and deliver a replacement note for the Series 2010 Note to reflect the change in the principal amount upon receipt of the original Series 2010 Note.

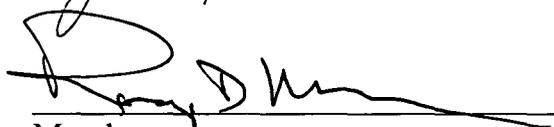
Section 3. The Issuer hereby appoints Roger Martin as acting Secretary of the Issuer for the purposes of the execution of the Replacement Note and taking any action necessary to issue the Replacement Note, including the execution of all documents required.

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

Adopted this 9<sup>th</sup> day of September, 2010.

  
\_\_\_\_\_

Chairperson

  
\_\_\_\_\_

Member

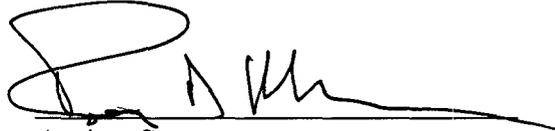
\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of LUBECK PUBLIC SERVICE DISTRICT on the 9<sup>th</sup> day of September, 2010.

Dated this 10<sup>th</sup> day of September, 2010.

[SEAL]



Acting Secretary

IC/BAN-1  
(11/01/04)

RESTATED LOAN AGREEMENT  
September 10, 2010

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").

LUBECK PUBLIC SERVICE DISTRICT (96S-275)  
(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 bonds, notes or other negotiable instruments 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 loan with attachments and exhibits (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 the notes 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 Notes, 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 the Notes, as hereinafter defined, pursuant to this Loan Agreement.

1.6 "Local Act" means the resolution, ordinance or other official action of the Governmental Agency required by Section 4.1 hereof, authorizing the issuance of the Notes.

1.7 “Local Statute” means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Notes are issued.

1.8 “Notes” means the notes to be issued by the Governmental Agency pursuant to the provisions of the Local Statute to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

1.9 “Project” means the project hereinabove referred to, to be constructed, being constructed or already constructed by the Governmental Agency in whole or in part with the net proceeds of the Notes.

1.10 “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.

1.11 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 Notes is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Notes 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.

## ARTICLE III

### Conditions to Loan; Issuance of Notes

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 Notes, 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 Notes 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;

(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;

(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 Notes 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 net proceeds of the Notes, together with all moneys on deposit or to be simultaneously deposited 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 evidence satisfactory to the Authority of such irrevocably committed funds.

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 Notes in the principal amount and at the price set forth in Schedule X hereto. The Notes 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 Notes 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 Notes 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.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans 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

Notes unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Notes and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the notes and/or revenue bonds of other governmental agencies for which it has sufficient funds available.

3.6 The Governmental Agency shall prepay the Notes from the proceeds of any permanent financing it obtains for the Project.

## ARTICLE IV

### Notes; 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 Notes pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted or adopted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) The Governmental Agency hereby pledges the following sources of funds as security for the Notes:

(i) Proceeds of any grants (other than Infrastructure Fund grants) received by the Governmental Agency for the System, and

(ii) Proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes.

In the event any grants (other than Infrastructure Fund grants) are received by the Governmental Agency, or any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency are issued, the Governmental Agency shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes, from such sources.

(b) The Governmental Agency hereby covenants substantially as follows:

(i) That the Governmental Agency shall complete or has completed the Project and will operate and maintain the System in good condition;

(ii) That the Governmental Agency recognizes that the Authority may by proper legal action compel the performance of the duties of the Governmental Agency under the Local Act, and shall also have, in the event of a default in the payment of principal of and interest, if any, on the Notes, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

(iv) 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 operation and maintenance expenses and debt service requirements;

(v) That for wastewater systems, 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;

(vi) That the proceeds of the Notes must be deposited in a notes project 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 Notes shall have a lien until such proceeds are applied to the payment of the costs of the Project or to the payment of bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the costs of the Project;

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

(viii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code"), which exception shall be set forth in an opinion of bond counsel, or, at the option of the Authority, the loan is not tax-exempt, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations or to the effect that no rebate is payable, and, at any time, any additional information requested by the Authority;

(ix) 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 Notes, 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 issued to provide moneys for the Infrastructure Fund, or any bonds secured by the Notes;

(x) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Notes (as that term is defined in the Code) from time to time as the Authority may request, and

(xi) That the Governmental Agency shall not issue any bonds, notes or other obligations payable from the revenues of the System unless it has received the written consent of the Authority and the Council.

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, sale and delivery of the Notes shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit A.

4.2 The principal of and interest, if any, on the Loan shall be repaid by the Governmental Agency on the days and in the years as provided in Schedule X and Schedule Y attached hereto.

4.3 The Loan shall bear interest, if any, from the dates 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 Notes exceed any statutory limitation with regard thereto.

4.4 The Notes 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 Notes may be issued in one or more series, as reflected by Schedule X hereto.

## 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.

5.2 In the event the Governmental Agency defaults in any payment to the Authority, the amount of such default shall bear interest at the annual rate of 3% on the installment of the Loan next due, from the date of the default until the date of the payment thereof, unless waived by the Authority.

5.3 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 costs of 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 Notes, 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 this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Code, if applicable, 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 Notes.

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 to pay costs of the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency 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 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement and the provisions of the Note.

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all

documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

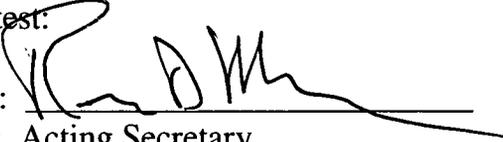
- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Notes to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest, if any, 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.

LUBECK PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

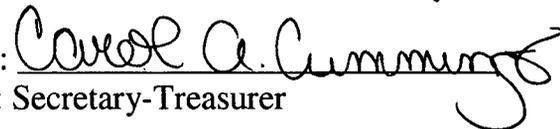
By:   
Its: Acting Secretary

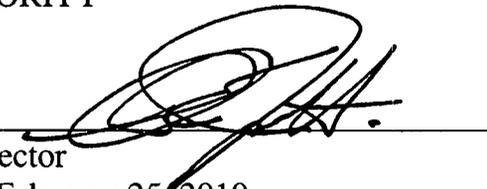
By:   
Its: Chairperson  
Date: February 25, 2010

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

Attest:

By:   
Its: Secretary-Treasurer

By:   
Its: Director  
Date: February 25, 2010

{C1866511.1}

EXHIBIT A

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and  
Jobs Development Council  
180 Association Drive  
Charleston, West Virginia 25311

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 notes of the Governmental Agency, dated \_\_\_\_\_, \_\_\_\_\_ (the "Notes"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are issued in the principal amount of \$\_\_\_\_\_, in the form of one note, fully registered as to principal to the Authority, with no interest, and the entire outstanding principal of the Notes shall be payable on \_\_\_\_\_, \_\_\_\_\_, as set forth in Schedule Y incorporated in and made a part of the Notes.

The Notes 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 note \_\_\_\_\_duly adopted or enacted by the Governmental Agency on \_\_\_\_\_(the “Local Act”), pursuant to and under which Local Statute and Local Act the Notes are authorized and issued, and the Loan Agreement that has been undertaken. The Notes 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 construct and acquire the Project and to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Notes, 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 Notes have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid and legally enforceable special obligations of the Governmental Agency, payable from and secured by a first lien on the proceeds of any grants received by the Governmental Agency for the System, proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes, all in accordance with the terms of the Notes and the Local Act.

6. [If required, the Notes 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 Notes 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 Notes of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

## SCHEDULE X

### DESCRIPTION OF NOTES

Principal Amount of Notes \$4,141,559

Purchase Price of Notes \$4,141,559

The Notes shall bear no interest. The principal of the Notes shall be payable in full on March 1, 2015, with annual installments on June 1 in the years shown on Schedule Y.

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

The Notes are fully registered in the name of the Authority as to principal and the Notes shall grant the Authority a first lien on the proceeds of any grants for the System, and/or proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes.

The Governmental Agency may prepay the Notes in part or in whole at any time at the price of par but only with the Council's written consent. The Governmental Agency shall prepay the Notes from the proceeds of any permanent financing it obtains for the Project. 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, which written request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

DEBT SERVICE SCHEDULE

\$4,141,559

0% Interest

---

Payment Date	Principal Due	Interest	Total
June 1, 2010	\$100		
June 1, 2012	\$100		
June 1, 2013	\$100		
June 1, 2014	\$100		
March 1, 2015	\$4,141,059	0%	\$4,141,559

---

R-1



SPECIMEN

RESTATED BOND ANTICIPATION NOTE  
September 10, 2010

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
LUBECK PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM BOND ANTICIPATION NOTE, SERIES 2010  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$4,141,559

KNOW ALL MEN BY THESE PRESENTS: That on this 25<sup>th</sup> day of February, 2010, LUBECK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood 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 FOUR MILLION ONE HUNDRED FORTY-ONE THOUSAND FIVE HUNDRED FIFTY-NINE DOLLARS (\$4,141,559), in annual installments of One Hundred Dollars (\$100) on June 1, 2010, June 1, 2012, June 1, 2013, and June 1, 2014, and with the entire outstanding principal amount payable in full on March 1, 2015.

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

This Note 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 under the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated February 25, 2010, between the Issuer and the Authority, on behalf of the Council.

This Note is issued to pay a portion of the refunding of the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 (West Virginia Infrastructure Fund) (the "Prior

Notes"). This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Resolution duly adopted by the Issuer on February 11, 2010, and a Supplemental Resolution duly adopted by the Issuer on February 11, 2010, and a Second Supplemental Resolution duly adopted by the Issuer on September 9, 2010 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof.

THIS NOTE IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MARCH 9, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,950,000; (2) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 9, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,000,000; (3) SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 27, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,879,443; (4) SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 27, 21005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,411,178; and (5) SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 25, 2010, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,136,720.

This Note is payable solely from proceeds of any additional sewerage system revenue bonds or refunding revenue bonds of the Issuer, any additional grants which the Issuer may receive and any additional bond anticipation notes which the Issuer may issue from time to time upon maturity of this Note. Money from these sources shall be deposited in the Series 2010 Notes Payment Fund established under the Resolution for the prompt payment of this Note.

This Note 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 the sources set forth above. Pursuant to the Resolution, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Resolution. Remedies provided the Authority are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Note is transferable, as provided in the Resolution, only upon the books of the Registrar (as defined in the Resolution) by the registered owner or its attorney duly

NUMBER  
R-1

**SPECIMEN**

authorized in writing, upon the surrender of this Note, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Note, 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 Note shall be applied solely to the payment of the costs of refunding the Prior Notes, as described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

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 Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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.

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

R-1

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Note to be dated as of the date first written above.

[SEAL]

*[Signature]*  
Chairperson

ATTEST:

*[Signature]*  
Acting Secretary

**SPECIMEN**

**SPECIMEN**

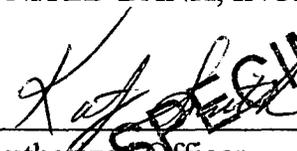
R-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Notes described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: February 25, 2010

UNITED BANK, INC., as Registrar

  
\_\_\_\_\_  
Authorized Officer

**SPECIMEN**

R-1

ASSIGNMENT

**SPECIMEN**

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

\_\_\_\_\_

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

Dated: \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

LUBECK PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2010  
(WEST VIRGINIA INFRASTRUCTURE FUND)

RECEIPT OF REPLACEMENT NOTE

On this 10<sup>th</sup> day of September, 2010, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

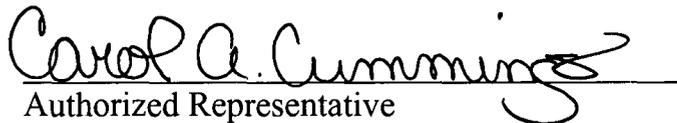
1. On the date hereof, in Charleston, West Virginia, the Authority received from Lubeck Public Service District( the "Issuer"), the replacement Sewerage System Bond Anticipation Notes, Series 2010 (West Virginia Infrastructure Fund), dated February 25, 2010, issued in the principal amount of \$4,141,559, numbered R-1, in the form of one note, fully registered to the Authority (the "Replacement Note").

2. At the time of such receipt of the Bonds and the Notes, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed thereon.

3. The Replacement Note was executed and delivered to the Authority to correct an error in the principal amount on the original principal amount.

WITNESS my signature as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
Authorized Representative





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

RESTATED BOND OPINION  
September 10, 2010

February 25, 2010

Lubeck Public Service District  
Washington, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: Lubeck Public Service District  
Sewerage System Bond Anticipation Notes,  
Series 2010 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Lubeck Public Service District (the “Issuer”) in connection with the issuance of its Sewerage System Bond Anticipation Notes, Series 2010 (West Virginia Infrastructure Fund), dated the date hereof (the “Notes”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Notes, dated February 25, 2010, 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 (ii) the Notes to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are issued in the principal amount of \$4,141,559, in the form of one note, registered to the Authority, bearing no interest, with principal payable in annual installments of \$100 on June 1, 2010, June 1, 2012, June 1, 2013 and June 1, 2014, and with the entire outstanding principal payable in full on March 1, 2015, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Notes.

The Notes 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) refunding the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 (West Virginia Infrastructure Fund) (the "Prior Notes"); and (ii) paying costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Resolution duly adopted by the Issuer on February 11, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 11, 2010, and a Second Supplemental Resolution duly adopted by the Issuer on September 9, 2010 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Notes are authorized and issued, and the Loan Agreement is entered into. The Notes 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 Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution 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 and is a public corporation and a political subdivision of the State of West Virginia, with full power and authority to refund the Prior Notes, to operate and maintain the System, to adopt the Resolution and to issue and sell the Notes, 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 and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

3. 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 and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Notes. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Notes 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. There are outstanding obligations of the Issuer which will rank senior and prior to the Notes as to liens, pledge and source of and security for payment, being the Issuer's Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), Sewerage System Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), and Sewer Revenue Bonds, Series 2005 B (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds") and Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Series 2010 A Bonds"). The Notes shall be issued junior and subordinate to the Prior Bonds and the Series 2010 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Notes shall be payable only from the proceeds of any grants, any sewerage system revenue bonds, refunding revenue bonds or bond anticipation notes of the Issuer, issued subsequent to the issuance of the Notes.

6. Under the Act, the Notes and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Notes 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 Notes.

8. The Prior Notes have been paid within the meaning and with the effect expressed in the Prior Resolution, and the covenants, agreements and other obligations of the Issuer to the registered owners of the Prior Notes have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Water Development Authority stating that it has received the Series 2010 A Bonds and the Series 2010 Notes in exchange for the Prior

Lubeck Public Service District  
West Virginia Infrastructure and Jobs Development Council  
West Virginia Water Development Authority  
February 25, 2010  
Page 4

Notes and that such exchange is sufficient to release and discharge the liens, pledges and encumbrances securing the Prior Notes.

No opinion is given herein as to the effect upon the enforceability of the Notes under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,

Handwritten signature of Jack Kelly PLLC in cursive script.