LUBECK PUBLIC SERVICE DISTRICT

Sewerage System Revenue Bonds, Series 1999 A and Series 1999 B
and Sewerage System Bond Anticipation Notes, Series 1999

Closing: March 9, 1999

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TRANSCRIPT OF PROCEEDINGS

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(B) Loan Agreement, dated March 9, 1999 between the District, the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Series 1999 B Bonds.

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The closing of the sale of the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A and Series 1999 B, and the Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999, will take place at the office of West Virginia Water Development Authority at 10:30 a.m. prevailing time on March 9, 1999. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless or until all transactions are complete and all documents delivered.

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on this Ninth *day of* March *19* 99

Ken Hechler

Secretary of State

by Mary D. Ratliff

compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

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Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States, State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 485 S.E.2d 434 (W. Va. 1997).

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§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best

interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Authority of county commissions. — The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

Public service district — Authority. — A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Public service district — Purpose. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54 (1979).

§ 16-13A-1a. Jurisdiction of the public service commission.

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative

services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) on its own motion by order duly adopted, (2) upon the recommendation of the public service commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or

consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b] of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated

pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, which passed March 8, 1986, and became effective ninety days from passage.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

There is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Authority of commission and voters. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

Authority of court. — A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Compliance. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Merger or consolidation of districts. This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Overlapping districts. Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may undertake to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Public corporation. — A public service district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the

resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating

the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty 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. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159.)

Effect of amendment of 1997. — The amendment, in the third and fourth paragraphs, added "except in cases of merger or consolidation where the number of board members may equal five" at the end; in the fourth paragraph, inserted "and residing within the state of West Virginia" following "who are persons residing within the district"; in the fifth paragraph, inserted "except in the cases of merger or consolidation where the number of board members may equal five" in the middle of the paragraph; in the seventh paragraph, added the third sentence; in the ninth paragraph, added the third and fourth sentences; and made stylistic changes.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member may receive seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum; for districts with six hundred customers or more but fewer than two thousand customers, each board member may receive one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per

attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum; for districts with two thousand customers or more, each board member may receive one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and for districts with four thousand or more customers, each board member may receive one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum. The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided by said section. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located and with the public service commission. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159.)

Effect of amendment of 1997. — The amendment rewrote the second sentence; in the fourth sentence, deleted "and regulations" following "as provided for by the rules"; in the seventh sentence, substituted "as provided by said section" for "as provided by section three, article nine-a, chapter six of this code"; added "and with the public service commission" at the end of the tenth sentence; and made stylistic changes.

Compensation for performing additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his successor is employed, and his compensation shall be fixed by resolution of the board. Such general manager shall devote all or the

required portion of his time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he shall perform and exercise such other powers and duties as may be conferred upon him by the board.

Such general manager shall be chosen without regard to his political affiliations and upon the sole basis of his administrative and technical qualifications to manage public service properties and affairs of the district and he may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water or sewer service from a municipal water of sewer system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water or sewer system or public service district from which such water or sewer service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor

shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159.)

Effect of amendment of 1997. — The amendment, in the second sentence, substituted "more than fifteen thousand dollars" for "more than five thousand dollars"; and in the sixth sentence, made a stylistic change.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities or gas facilities for water, sewer or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

Eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Cited in 45 Op. Att'y Gen. 506 (1953).

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued,

other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided are delinquent and the owner, user and property are liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by

a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the bureau of public health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the bureau of public health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer

facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the bureau of public health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist., 171 W. Va. 645, 301 S.E.2d 601 (1983) (construing this section prior to 1980 and 1981 amendments).

Liens. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 485 S.E.2d 434 (W. Va. 1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen [§§ 16-13A-9 or 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited

annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia. Publisher's Editorial Staff (Michie).

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such

form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds. § 16-13A-25.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147.)

§ 16-13A-15. Bonds may be secured by trust indenture.

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or

without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

§ 16-13A-16. Sinking fund for revenue bonds.

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions. (1953, c. 147.)

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or

refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately-owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160.)

Effect of amendment of 1997. — The amendment, in the first paragraph, substituted "a majority of not less than sixty percent of" for "all" preceding "the members of the public service board"; and rewrote the proviso.

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

In general. — The provision granting bondholders a statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded. (1953, c. 147.)

In general. — The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of bond issues. — Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Constitutionality. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Applied in Rhodes v. Malden Pub. Serv. Dist., 171 W. Va. 645, 301 S.E.2d 601 (1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect [January 29, 1960], for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court [county commission] of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118.)

Permissible borrowing. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

§ 16-13A-25. Borrowing and bond issuance; procedure.

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four [§ 16-13A-13, § 16-13A-20 or § 16-13A-24] of this article, without the prior consent and approval of the public service commission. The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or

feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, evidence of compliance with chapter five-g [§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the public service district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

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

(d) The anticipated rates which will be charged by the public service district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; 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. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

Effect of amendment of 1996. — The amendment, in the second paragraph, substituted "Thirty days" for "Sixty days" and inserted "public service" preceding the second occurrence of "district"; inserted "public service" in (d); and made stylistic changes.

Effect of amendment of 1997. — The amendment inserted the second and third sentences of the first paragraph.

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.
16-13B-15. Assessment certificates; assignments; designation of registrar for assessment certificates.
16-13B-16. No liability of state, county, municipality and assessment district.
16-13B-17. Payment of assessment fees; releases.
16-13B-18. Liens; recording notice of liens; suit for enforcement; priority.
16-13B-19. Reassessment for void, irregular or omitted assessments.
16-13B-20. How additional territory may be added to assessment district.
16-13B-21. Operation and maintenance of wastewater and water projects; rates and charges therefor.
16-13B-22. Liberal construction.

§ 16-13B-1. Short title.

This article shall be known and may be cited as the "West Virginia Community Improvement Act." (1992, c. 150.)

§ 16-13B-2. Definitions.

For purposes of this article:

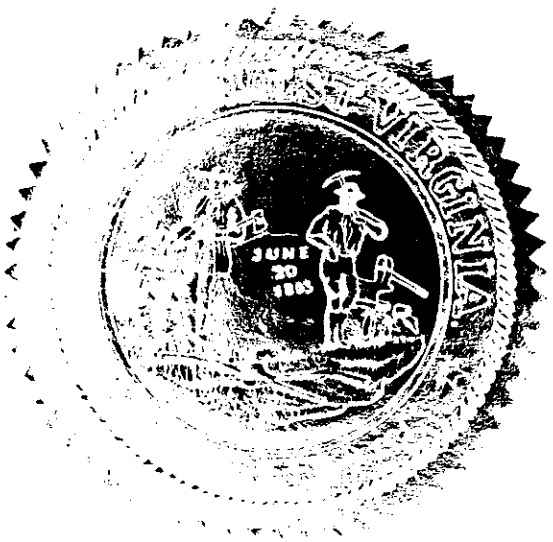
(a) "Assessment certificate" means a certificate issued by a board pursuant to section fifteen [§ 16-13B-15] of this article to evidence an assessment levied

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 22C, ARTICLE 2 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



Given under my hand and the Great Seal of the State of West Virginia on this Ninth *day of* March *19* 99

Ken Hechler

Secretary of State

by Mary P. Ratliff, Dep.

the necessary appurtenances in the new location in, on, over or under the property of the authority for as long a period and upon the same terms as it had the right to maintain and operate such facilities in their former location. (1994, c. 61.)

§ 22C-1-24. Financial interest in contracts prohibited; penalty.

No officer, member or employee of the authority shall be financially interested, directly or indirectly, in any contract of any person with the authority, or in the sale of any property, real or personal, to or from the authority. This section does not apply to contracts or purchases of property, real or personal, between the authority and any governmental agency. If any officer, member or employee of the authority has such financial interest in a contract or sale of property prohibited hereby, he or she is guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than one thousand dollars, or imprisoned in the county jail not more than one year, or both fined and imprisoned. (1994, c. 61.)

§ 22C-1-25. Meetings and records of authority to be kept public.

All meetings of the authority shall be open to the public and the records of the authority shall be open to public inspection at all reasonable times, except as otherwise provided in this section. All final actions of the authority shall be journalized and such journal shall also be open to the inspection of the public at all reasonable times. Any records or information relating to secret processes or secret methods of manufacture or production which may be obtained by the authority or other persons acting under authority of this article are confidential and shall not be disclosed. (1994, c. 61.)

§ 22C-1-26. Liberal construction of article.

The provisions of this article are hereby declared to be remedial and shall be liberally construed to effectuate its purposes and intents. (1994, c. 61.)

§ 22C-1-27. Authorized limit on borrowing.

The aggregate principal amount of bonds and notes issued by the authority shall not exceed three hundred million dollars outstanding at any one time: Provided, That in computing the total amount of bonds and notes which may at any one time be outstanding, the principal amount of any outstanding bonds or notes refunded or to be refunded either by application of the proceeds of the sale of any refunding bonds or notes of the authority or by exchange for any refunding bonds or notes, shall be excluded. (1994, c. 61; 1995, c. 252.)

ARTICLE 2.

WATER POLLUTION CONTROL REVOLVING FUND ACT.

Sec.
22C-2-1. Definitions.
22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.
22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.
22C-2-4. Annual audit.
22C-2-5. Collection of money due to the fund.
22C-2-6. State construction grants program established; special fund.
22C-2-7. Environmental review of funded projects.
22C-2-8. Conflicting provisions.

Editor's notes. — The Water Pollution Control Revolving Fund Act was formerly compiled in c. 20, art. 51.

§ 22C-2-1. Definitions.

Unless the context in which used clearly requires a different meaning, as used in this article:

(a) "Authority" means the water development authority provided for in section four [§ 22C-1-4], article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local entity that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(3) Acquisition of land and any buildings and improvements on the land or buildings, including the discharge of any obligations of the sellers of the land, buildings or improvements;

(4) Site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment;

(5) The reasonable costs of financing incurred by the local entity in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, and the funding of accounts and reserves which the authority may require; and

(6) Other items that the division of environmental protection determines to be reasonable and necessary.

(c) "Fund" means the state water pollution control revolving fund provided for in this article as it may be expanded or modified from time to time pursuant

to the clean water act, as amended, the federal safe drinking water act, as amended or by the executive order of the governor issued to comply with federal laws relating to the acts.

(d) "Instrumentality" means the division of environmental protection or the agency designated by an order of the governor as having the primary responsibility for administering the fund pursuant to the federal clean water act, as amended, and the federal safe drinking water act, as amended, or other federal laws.

(e) "Local entity" means any county, city, town, municipal corporation, authority, district, public service district, commission, banking institution or political subdivision in West Virginia.

(f) "Project" means any public water or wastewater treatment facility located or to be located in or outside this state by a local entity and includes:

(1) Sewage and wastewater collection, treatment and disposal facilities;

(2) Public water transportation, treatment and distribution facilities;

(3) Drainage facilities and projects;

(4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;

(5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and

(6) Other projects allowable under federal law. (1994, c. 61; 1996, c. 257.)

§ 22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.

The division of environmental protection shall act as the instrumentality that is empowered to enter into capitalization agreements with the United States environmental protection agency, to accept capitalization grant awards made under the federal clean water act, as amended, the safe drinking water act, as amended, and other federal laws and to otherwise manage the fund provided for in this article in accordance with the requirements of said federal laws. (1994, c. 61.)

§ 22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.

(a) Under the direction of the division of environmental protection, the water development authority shall establish, administer and manage a permanent and perpetual fund, to be known as the "West Virginia Water Pollution Control Revolving Fund." The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purposes of establishing and maintaining a state water pollution control revolving fund, all receipts from loans made from the fund to local entities, all income from the investment of moneys held in the

fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans to local entities to finance or refinance the costs of a project: Provided, That moneys in the fund shall be utilized to defray the costs incurred by the authority and the division of environmental protection in administering the provisions of this article: Provided, however, That moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law.

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code, to:

(1) Govern the disbursement of moneys from the fund; and

(2) Establish a state water pollution control revolving fund program to direct the distribution of grants or loans from the fund to particular local entities and establish the interest rates and repayment terms of the loans.

(c) In order to carry out the administration and management of the fund, the authority is authorized to employ officers, employees, agents, advisers and consultants, including attorneys, financial advisers, engineers, other technical advisers and public accountants and, notwithstanding any provisions of this code to the contrary, to determine their duties and compensation without the approval of any other agency or instrumentality.

(d) The authority shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them solely for the purposes for which the moneys are provided under this article. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code. (1994, c. 61; 1996, c. 257.)

§ 22C-2-4. Annual audit.

The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants, and the cost thereof may be defrayed as a part of the cost of construction of a project or as an administrative expense under the provisions of subsection (a), section three [§ 22C-2-3(a)] of this article. (1994, c. 61.)

§ 22C-2-5. Collection of money due to the fund.

In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement between the state and a local entity,

and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local entity under a loan agreement:

(a) The authority may directly impose, in its own name and for its own benefit, service charges upon all users of a project funded by a loan distributed to a local entity pursuant to this article, and may proceed directly to enforce and collect the service charges, together with all necessary costs of the enforcement and collection.

(b) The authority may exercise, in its own name or in the name of and as the agent for a particular local entity, all of the rights, powers and remedies of the local entity with respect to the project or which may be conferred upon the local entity by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local entity pursuant to this article.

(c) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by a local entity of all of the terms and conditions of the loan agreement between the state and that local entity including:

(1) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;

(2) The enforcement and collection of service charges; and

(3) The enforcement by the local entity of all rights and remedies conferred by statute, rule, regulation or judicial decision.

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement. (1994, c. 61; 1996, c. 257.)

§ 22C-2-6. State construction grants program established; special fund.

(a) The director of the division of environmental protection shall promulgate rules in accordance with the provisions of chapter twenty-nine-a [§ 29A-1-1 et seq.] of this code to establish a state construction grants program that is designed to complement and supplement the state water pollution control revolving fund program established pursuant to subsection (b), section three [§ 22C-2-3(b)] of this article.

(b) The special fund designated "The West Virginia Construction Grants Fund" established in the state treasury is continued. The special fund shall be comprised of moneys appropriated to said fund by the Legislature, assessments on existing wastewater treatment facilities, and all other sums designated for deposit to the special fund from any source, public or private: Provided, That such assessments shall be made and collected in accordance with fee schedules to be established by legislative rules promulgated by the director of the division of environmental protection, in accordance with chapter twenty-nine-a of this code. Moneys in the special fund shall be used solely for the state construction grants program established under subsection (a) of this section: Provided, however, That moneys in the special fund may be utilized to

defray the costs incurred by the division of environmental protection in administering the provisions of this section. (1994, c. 61.)

§ 22C-2-7. Environmental review of funded projects.

(a) The division of environmental protection shall conduct an environmental review on each project funded under this article. The director of the division of environmental protection shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to implement the environmental review of funded projects: Provided, That the rules shall be consistent with the regulations promulgated by the United States environmental protection agency pursuant to the federal clean water act, as amended.

(b) The director of the division of environmental protection is authorized to direct a local entity, or its agent, to implement all measures that, in the judgment of the director, are necessary in order to mitigate or prevent adverse impacts to the public health, safety or welfare or to the environment that may result from a project funded under this article. The director is further authorized to require all projects to comply with all other appropriate federal laws and regulations that are required of the projects under the federal clean water act, as amended. (1994, c. 61; 1996, c. 257.)

§ 22C-2-8. Conflicting provisions.

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effectuated. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling. (1994, c. 61.)

ARTICLE 3.

SOLID WASTE MANAGEMENT BOARD.

Sec.
22C-3-1. Short title.
22C-3-2. Legislative findings; declaration of policy and responsibility; purpose and intent of article.
22C-3-3. Definitions.
22C-3-4. Solid waste management board; organization of board; appointment and qualification of board members; their term of office, compensation and expenses; director of board.
22C-3-5. Board to designate and establish disposal sheds; construction, maintenance, etc., of disposal projects; loan agreements; compliance with federal and state law.
22C-3-6. Powers, duties and responsibilities of board generally.
22C-3-7. Development of state solid waste management plan.
22C-3-8. Power of board to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.
22C-3-9. Development and designation of solid waste disposal sheds by board.
22C-3-10. Board empowered to issue solid waste disposal revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.
22C-3-11. Establishment of reserve funds, replacement and improvement funds and sinking funds; fiscal

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 31, ARTICLE 15A OF THE WEST VIRGINIA CODE AND CHAPTER 31, ARTICLE 15A OF THE 1998 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on this Ninth *day of* March *19* 99

Ken Hechler

Secretary of State

by Mary P. Pettiff

between the authority and such federal agency and that the authority shall continue to have and exercise all powers granted for carrying out the purposes of this article for so long as necessary. (1989, c. 54.)

§ 31-15-29. Audits.

As soon as possible after the close of each fiscal year, the authority shall make an annual report of its activities for the preceding fiscal year to the governor and the Legislature. Each such report shall set forth a complete operating and financial statement covering the authority's operations during the preceding fiscal year. The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants and the cost thereof may be treated as a part of the cost of construction or of operations of its projects. (1989, c. 54.)

§ 31-15-30. Projects not to be considered public improvements.

No project, enterprise or business facility which conducts as its primary activity a manufacturing process or other nongovernmental or nonpublic activity may be deemed to be a "public improvement" within the meaning of the provisions of article five-a [§ 21-5A-1 et seq.], chapter twenty-one of this code. (1989, c. 54.)

§ 31-15-31. Foreign trade zones; authority approval.

Any public corporation located in the state is hereby authorized to apply for, develop, maintain and operate a foreign trade zone in the state pursuant to and in accordance with all applicable provisions of federal law: Provided, That any public corporation desiring to apply for or develop a foreign trade zone must first receive the approval of the authority. (1989, c. 54.)

§ 31-15-32. Severability.

If any section, subsection, subdivision, subparagraph, sentence or clause of this article is adjudged to be unconstitutional or invalid, such adjudication shall not affect the validity of the remaining portions of this article, and, to this end, the provisions of this article are hereby declared to be severable. (1989, c. 54.)

§ 31-15-33. Construction.

The provisions of this article are remedial and shall be liberally construed and applied so as to promote the purposes set out in section three [§ 31-15-3] of this article. (1989, c. 54.)

ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.
31-15A-1. Short title.
31-15A-2. Definitions.
31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.
31-15A-4. Development of guidelines and preliminary application for funding assistance.
31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.
31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.
31-15A-7. Current and prospective planning; roads and highways; report to division of highways.
31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.
31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.
31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.
31-15A-11. Reservation of funds for projects and infrastructure projects.
31-15A-12. Additional powers of water development authority.
31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.
31-15A-14. Termination or dissolution.
31-15A-15. Projects not to be considered public improvements; competitive bid requirements.
31-15A-16. Dedication of severance tax proceeds.

§ 31-15A-1. Short title.

This article shall be known and may be cited as the "West Virginia Infrastructure and Jobs Development Act." (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-2. Definitions.

For purposes of this article:

(a) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(b) "Cost" means, as applied to any project to be financed in whole or in part with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any

buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(c) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3] of this article;

(d) "Division of environmental protection" means the division of environmental protection established under article one [§ 22-1-1 et seq.], chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(e) "Division of health" means the division of health created in article one [§ 16-1-1 et seq.], chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Economic development authority" means the economic development authority established under article fifteen [§ 31-15-1 et seq.], chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(g) "Emergency project" means a project which the council has determined (i) is essential to the immediate economic development of an area of the state and (ii) will not likely be developed in that area if construction of the project is not commenced immediately;

(h) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or waste water facilities or infrastructure projects;

(i) "Housing development fund" means the West Virginia housing development fund established under article eighteen [§ 31-18-1 et seq.] of this chapter, or any successor to all or any substantial part of its powers and duties;

(j) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine [§ 31-15A-9] of this article;

(k) "Infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation (1) the process of acquiring, holding, operating, planning, financing, demolition, construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein, and (2) preparing land for construction and making, installing or constructing improvements on the land, including water or waste water facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

(l) "Infrastructure revenue" means all amounts appropriated by the Legislature; all amounts deposited into the infrastructure fund; any amounts received, directly or indirectly, from any source for the use of all or any part of any project completed pursuant to this article; and any other amounts received by the state treasurer, council or the water development authority for the purposes of this article;

(m) "Project" means any waste water facility, water facility project or any combination thereof, constructed or operated or to be constructed or operated by a project sponsor;

(n) "Project sponsor" means any governmental agency or person, or any combination thereof, including, but not limited to, any public utility, which intends to plan, acquire, construct, improve or otherwise develop a project;

(o) "Public service commission" means the public service commission of West Virginia created and established under section three [§ 24-1-3], article one, chapter twenty-four of this code, or any successor to all or any substantial part of its powers and duties;

(p) "Person" means any individual, corporation, partnership, association, limited liability company or any other form of business organization;

(q) "Public utility" means any person or persons, or association of persons, however associated, whether incorporated or not, including, without limitation, any governmental agency, operating a waste water facility or water facility as a public service, which is regulated by the public service commission as a public utility under chapter twenty-four [§ 24-1-1 et seq.] of this code or which is required to file its tariff with the public service commission;

(r) "State development office" means the West Virginia development office established under article two [§ 5B-2-1 et seq.], chapter five-b of this code, or any successor to all or any substantial part of its powers and duties;

(s) "State infrastructure agency" means the division of health, division of environmental protection, housing development fund, public service commis-

sion, state development office, water development authority, economic development authority and any other state agency, division, body, authority, commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to, the planning, acquisition, construction or improvement of a project;

(t) "Waste water facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding waste water, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, waste water, and the residue thereof; facilities for the temporary or permanent impoundment of waste water, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport waste water together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(u) "Water development authority" means the West Virginia water development authority established under article five-c [§ 20-5C-1 et seq., repealed], chapter twenty of this code, or any successor to all or any substantial part of its powers and duties; and

(v) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, 1st Ex. Sess., c. 26.)

Editor's notes. — Former § 20-5C-1 et seq., referred to in (u), was repealed by Acts 1994, c. 61. For provisions similar to former § 20-5C-1 et seq., see § 22C-1-1 et seq.

§ 31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.

(a) The West Virginia infrastructure and jobs development council is hereby continued. The council is a governmental instrumentality of the state. The exercise by the council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are hereby determined to be, essential governmental functions and for a public purpose.

(b) The council shall consist of eleven members, including the executive director of the housing development fund or his or her designee, the director of the division of environmental protection or his or her designee, the director of the economic development authority or his or her designee, the director of the water development authority or his or her designee, the executive director of the state development office or his or her designee, the director of the division of health or his or her designee, the chairman of the public service commission or his or her designee, and four members representing the general public: Provided, That there shall be at least one member representing the general public from each congressional district: Provided, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The governor shall appoint the public members of the council who shall serve three-year staggered terms. The commissioner of the division of highways, the executive director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, one representative of the board of directors of the state college system and one representative of the board of trustees of the university of West Virginia shall serve as advisory members of the council. The governor shall appoint the legislative members of the council: Provided, further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be ex officio, nonvoting members of the council.

(c) The council shall annually elect one of its members as chairman, and shall appoint a secretary, who need not be a member of the council and who shall keep records of its proceedings. Six members of the council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the council. No vacancy in the membership of the council impairs the rights of a quorum by such vote to exercise all the rights and perform all the duties of the council.

(d) No member of the council who serves by virtue of his or her office shall receive any compensation or reimbursement of expenses for serving as a member. The members of the council who represent the general public shall receive reimbursement for actual expenses incurred in the service of the council.

(e) The council shall meet at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its business, and shall meet more frequently if necessary. Notwithstanding any other provision of this article to the contrary, the economic development authority shall not be subject to council review with regard to any action taken pursuant to the authority established in article fifteen [§ 31-15-1 et seq.], chapter thirty-one of this code nor shall the governor's civil contingent fund be subject to council review with regard to projects or infrastructure projects funded through the governor's civil contingent fund.

(f) The water development authority shall provide office space for the council, and each governmental agency represented on the council shall provide staff support for the council in the manner determined by the council from time to time.

(g) The council shall invite to all its meetings one or more representatives of the United States department of agriculture, rural economic community development, the United States economic development agency and the United States army corps of engineers or any successors thereto. The council shall also invite such other appropriate parties as may be necessary to effectuate the purposes of this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Effect of amendment of 1995. — The amendment, effective March 10, 1995, in (a), rewrote the first sentence and substituted "is" for "shall be" in the second sentence; in (b), substituted "eleven members" for "nine members" following "shall consist of," substituted

"four members" for "two members" preceding "representing the general public", added the provisos at the end of the first sentence, and made minor punctuation changes; substituted "six members" for "five members" in the second sentence in (c); and rewrote (d), (e), and (g).

§ 31-15A-4. Development of guidelines and preliminary application for funding assistance.

(a) To implement and carry out the intent of this article, the council shall promulgate legislative rules in accordance with article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to develop comprehensive, uniform guidelines for use by the council and other state infrastructure agencies in evaluating any request by a project sponsor for funding assistance to plan, acquire, construct, improve or otherwise develop a project or infrastructure project. The guidelines shall include the following factors: (1) the public health benefits of the project or infrastructure project; (2) the economic development benefits of the project or infrastructure project; (3) the degree to which the project or infrastructure project will correct deficiencies in the compliance of water supply or sewage treatment facilities with state or federal laws, regulations or standards; (4) the degree to which the project or infrastructure project encourages effective and efficient consolidation of water or sewage treatment systems consistent with the comprehensive plan developed pursuant to section six [§ 31-15A-6], of this article; (5) the cost effectiveness of the project or infrastructure project as compared with alternatives which achieve substantially the same public health or economic development benefits, including the consideration of providing maximum feasible fire protection; (6) the availability of alternative sources of funding which could finance all or a part of the project and infrastructure project, and the need for the assistance of the council to finance the project or infrastructure project or attract other sources of funding; (7) the applicant's ability to operate and maintain the system if the project or infrastructure project is approved; (8) the degree to which the project or infrastructure project achieves other state or regional planning goals; (9) the estimated date upon which the project or infrastructure project could commence if funding were available and the estimated completion date of the project or infrastructure project; and (10) such other considerations as the council may consider necessary or appropriate to accomplish the purpose and intent of this article.

(b) The council shall create a preliminary application form which shall be used by all project sponsors requesting funding assistance from state infrastructure agencies to plan, acquire, construct, improve or otherwise develop an infrastructure project or project. The preliminary application form shall contain all information required by all state infrastructure agencies that will be required to issue permits and/or certificates regarding the project or infrastructure project. The preliminary application shall require the project sponsor to set forth the type and proposed location of the infrastructure project or project; the estimated total cost of the project; the amount of funding assistance required and the specific uses of the funding; other sources of funding available or potentially available for the infrastructure project or project; information demonstrating the need for the infrastructure project or

project and that the proposed funding of the project is the most economically feasible and viable alternative to completing the project or infrastructure project; and such other information as the council considers necessary to enable it to recommend the type of project or infrastructure project financing, in terms of the kind, amount and source of funding, which the project sponsor should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, and to otherwise carry out the intent of this article. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.

(a) No project sponsor may apply for or receive any loan, loan guarantee, grant or other funding assistance for a project or infrastructure project from any state infrastructure agency (i) unless the project sponsor requiring the funding assistance first submits a completed preliminary application to the council on the form prepared for such purpose by the council pursuant to section four of this article, and (ii) except as may be recommended by the council after consideration of the preliminary application: Provided, That any project sponsor which has an infrastructure project or project with either acceptable bids or all funding in place on the effective date of this act is not required to comply with the provisions of this section.

(b) The council shall, within thirty days of receipt of each completed preliminary application submitted to it, review the preliminary application and either (i) make a written recommendation as to the infrastructure project or project financing, in terms of the kind, amount and source of funding, which the project sponsor submitting the application should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, or (ii) if the council determines that (1) the proposed project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, or (2) the proposed project or infrastructure project is not otherwise an appropriate or prudent investment of state funds, the council shall recommend that the project sponsor not seek funding from any state infrastructure agency. A project sponsor shall include the preliminary application and the council's recommendations in any application to a state infrastructure agency.

(c) The council shall provide a copy of its recommendation with respect to each preliminary application, together with a copy of the preliminary application, to all appropriate state infrastructure agencies, which shall take into account the council's recommendations with respect to a project or infrastructure project before taking any action with respect to the project. No state infrastructure agency shall take any action inconsistent with the recommendation of the council unless the governing body of the agency, or the head of the agency if it has no governing body, expressly finds and determines that the recommendation is not in the best interest of the state or the area in which the proposed infrastructure project or project is to be located.

(d) In reviewing each preliminary application, the council shall use the engineering, financial and technical expertise of the respective staffs of the state infrastructure agencies represented on the council so as to recommend for funding those projects or infrastructure projects which are consistent with the purposes and intent of this article and with the policies and priorities of this state generally. The council may include in its findings a recommendation that a state infrastructure agency consider technical reports on the project prepared by other infrastructure agencies or by any federal agency. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.

(a) In addition to the powers set forth elsewhere in this article, the council is hereby granted, has and may exercise all powers necessary or appropriate to carry out and effectuate the purposes and intent of this article. The council shall have the power and capacity to:

(1) Provide consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any infrastructure project or project;

(2) Periodically prepare a list of infrastructure projects or projects which cannot meet the established funding guidelines of the various state infrastructure agencies, other than the housing development fund, but which are consistent with the mandates of this article and recommend to the water development authority that it make a grant or loan to the project sponsors from the infrastructure fund to finance the cost of one or more such projects or infrastructure projects;

(3) Do all other acts necessary and proper to carry out the powers expressly granted to the authority in this article; and

(4) To make and execute contracts, commitments and obligations and other instruments necessary or convenient for the exercise of its powers.

(b) The council shall develop a comprehensive statewide inventory of water supply systems and sewage treatment systems and an assessment of current and future needs by the first day of July, one thousand nine hundred ninety-six. The assessment shall identify the areas of the state which do not have adequate public water or sewage systems and offer recommendations for the construction of new facilities or the extension or expansion of existing facilities to meet the identified needs. The council shall include in the assessment an identification of the obstacles, issues and problems which prevent or inhibit development of adequate infrastructure throughout the state, including financial, governmental, physical, or geographical factors and make recommendation as the council considers appropriate regarding the obstacles, issues or problems identified. This comprehensive inventory and assessment shall be updated at least once in every three year period after the initial assessment and inventory is completed.

(c) The council shall study the viability of the consolidation of public service districts throughout the state: Provided, That the study shall encompass not

only public service districts but also any and all entities which provide or supply water and sewer service to the general public: Provided, however, That the council shall, in the preparation of the study, consult with the public service district division of the public service commission and representatives of the West Virginia rural water association and the West Virginia association of public service districts, as needed. The council shall report their findings and conclusions on or before the sixteenth of January of the year one thousand nine hundred ninety-five to the governor, speaker of the house of delegates and president of the senate. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-7. Current and prospective planning; roads and highways; report to division of highways.

(a) The council shall take into account the current and prospective infrastructure needs in relation to plans of the division of highways for the development and building of new roads. Upon completion an environmental impact study, the commissioner of highways shall provide the council with plans for any and all new roads. In a timely manner, the council shall advise the commissioner of the division of highways on the feasibility of the expansion of new or existing water and sewer lines concomitant to the construction of the new roads.

(b) The council has the authority to appoint local infrastructure planning teams. The local infrastructure planning teams may consist of the following: A designee of the division of highways from the region where the new road is being built; a designee of the division of highways from the central state office; a designee from the environmental engineers division of the department of health and human resources; a designee from the local developmental authority where the new road is being built; a designee from the regional developmental authority in the area where the new road is being built; a designee from the public service commission; a designee from the division of environmental protection; a designee from the county commission where the new road is being built who shall serve as chairperson of the planning team; a citizen of the county where the new road is being built to be chosen by the county commission; and the elected state delegates and senators from the area where the new road is being built. In order to avoid delay of any highway project, immediately upon appointment of a local infrastructure planning team, the director of the division of highways shall submit to the council a time frame within which the planning team must act and within which the planning team must submit any plans, maps, recommendations or reports developed pursuant to this subsection. The local infrastructure planning team shall meet prior to the development and building of a new road. Members of the local infrastructure planning team shall only receive payment for actual expenses incurred. The local infrastructure planning team shall advise the commissioner of the division of highways on the feasibility of an infrastructure plan. The local infrastructure planning team shall meet to develop an infrastructure plan that includes an assessment study of existing water and sewer lines and a feasibility study on future development and laying of water and sewer lines.

After these studies are completed, a developmental map shall be drawn of the proposed road route with overlays of the proposed water and sewer lines. These studies and the map shall be presented to the commissioner of the division of highways and shall be used by the commissioner in the planning, developing and building of the road.

(c) The water development authority shall establish a restricted account within the infrastructure fund to be expended for the construction of water and sewage lines as may be recommended by the council in accordance with this article and specifically, in accordance the plan developed under subsection (b) of this section. The reserve account shall be known as the "infrastructure road improvement reserve account". The council and the division of highways may enter into agreements to share the cost of financing projects approved in accordance with this section from moneys available in the infrastructure road reserve account and moneys available from the state road fund. Annually, the council may direct the water development authority to transfer funds from the infrastructure fund in an amount not to exceed one million dollars to the restricted account: Provided, That at no time may the balance of the restricted account exceed one million dollars.

(d) For the purposes of this section the term "new" means a road right-of-way being built for the first time.

(e) After the construction of water and sewer lines adjacent to the new road these new lines shall be turned over to existing utilities by expansion of boundaries of public service districts or shall be main extensions from the municipality. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or waste water facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven [§ 24-2-11], article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(b) Any public utility, and any other entity that will operate as a public utility, must obtain a certificate of public convenience and necessity pursuant

to section eleven, article two, chapter twenty-four of this code for any emergency project that is not exempt under subsection (a) of this section. The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five, article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (k), section two [§ 31-15A-2(k)] of this article and to include a water facility project as defined in subsection (m), section two [§ 31-15A-2(m)] of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subdivision (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commissioner's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.

(a) The water development authority shall create and establish a special revolving fund of moneys made available by appropriation, grant, contribution or loan to be known as the "West Virginia Infrastructure Fund". This fund shall be governed, administered and accounted for by the directors, officers and managerial staff of the water development authority as a special purpose account separate and distinct from any other moneys, funds or funds owned and managed by the water development authority. The infrastructure fund shall consist of sub-accounts, as deemed necessary by the council or the water development authority, for the deposit of: (1) Infrastructure revenues; (2) any appropriations, grants, gifts, contributions, loan proceeds or other revenues

received by the infrastructure fund from any source, public or private; (3) amounts received as payments on any loans made by the water development authority to pay for the cost of a project or infrastructure project; (4) insurance proceeds payable to the water development authority or the infrastructure fund in connection with any infrastructure project or project; (5) all income earned on moneys held in the infrastructure fund; (6) all funds deposited in accordance with section four [§ 31-15B-4] of article fifteen-b; and (7) all proceeds derived from the sale of bonds issued pursuant to article fifteen-b [§ 31-15B-1 et seq.] of this chapter.

Any money collected pursuant to this section shall be paid into the West Virginia infrastructure fund by the state agent or entity charged with the collection of the same, credited to the infrastructure fund, and used only for purposes set forth in this article or article fifteen-b.

Amounts in the infrastructure fund shall be segregated and administered by the water development authority separate and apart from its other assets and programs. Amounts in the infrastructure fund may not be transferred to any other fund or account or used, other than indirectly, for the purposes of any other program of the water development authority, except that the water development authority may use funds in the infrastructure fund to reimburse itself for any administrative costs incurred by it and approved by the council in connection with any loan, loan guarantee, grant or other funding assistance made by the water development authority pursuant to this article.

(b) Notwithstanding any provision of this code to the contrary, amounts in the infrastructure fund shall be deposited by the water development authority in one or more banking institutions: Provided, That any moneys so deposited shall be deposited in a banking institution located in this state. The banking institution shall be selected by the water development authority by competitive bid. Pending the disbursement of any money from the infrastructure fund as authorized under this section, the water development authority shall invest and reinvest the moneys subject to the limitations set forth in article eighteen [§ 31-18-1 et seq.], chapter thirty-one of this code.

(c) To further accomplish the purposes and intent of this article and article fifteen-b of this chapter, the water development authority may pledge infrastructure revenues and from time to time establish one or more restricted accounts within the infrastructure fund for the purpose of providing funds to guarantee loans for infrastructure projects or projects: Provided, That for any fiscal year the water development authority may not deposit into the restricted accounts more than twenty percent of the aggregate amount of infrastructure revenues deposited into the infrastructure fund during the fiscal year. No loan guarantee shall be made pursuant to this article unless recourse under the loan guarantee is limited solely to amounts in the restricted account or accounts. No person shall have any recourse to any restricted accounts established pursuant to this subsection other than those persons to whom the loan guarantee or guarantees have been made.

(d) Each loan, loan guarantee, grant or other assistance made or provided by the water development authority shall be evidenced by a loan, loan guarantee, grant or assistance agreement between the water development

authority and the project sponsor to which the loan, loan guarantee, grant or assistance shall be made or provided, which agreement shall include, without limitation and to the extent applicable, the following provisions:

(1) The estimated cost of the infrastructure project or project, the amount of the loan, loan guarantee or grant or the nature of the assistance, and in the case of a loan or loan guarantee, the terms of repayment and the security therefor, if any;

(2) The specific purposes for which the loan or grant proceeds shall be expended or the benefits to accrue from the loan guarantee or other assistance, and the conditions and procedure for disbursing loan or grant proceeds;

(3) The duties and obligations imposed regarding the acquisition, construction, improvement or operation of the project or infrastructure project; and

(4) The agreement of the governmental agency to comply with all applicable federal and state laws, and all rules and regulations issued or imposed by the water development authority or other state, federal or local bodies regarding the acquisition, construction, improvement or operation of the infrastructure project or project and granting the water development authority the right to appoint a receiver for the project or infrastructure if the project sponsor should default on any terms of the agreement.

(e) Any resolution of the water development authority approving loan, loan guarantee, grant or other assistance shall include a finding and determination that the requirements of this section have been met.

(f) The interest rate on any loan to governmental, quasi-governmental, or not for profit project sponsors for projects made pursuant to this article shall not exceed three percent per annum. Due to the limited availability of funds available for loans for projects, it is the public policy of this state to prioritize funding needs to first meet the needs of governmental, quasi-governmental and not for profit project sponsors and to require that loans made to for-profit entities shall bear interest at the current market rates. Therefore, no loan may be made by the council to a for-profit entity at an interest rate which is less than the current market rate at the time of the loan agreement.

(g) The water development authority shall cause an annual audit to be made by an independent certified public accountant of its books, accounts and records, with respect to the receipts, disbursements, contracts, leases, assignments, loans, grants and all other matters relating to the financial operation of the infrastructure fund, including the operating of any sub-account within the infrastructure fund. The person performing such audit shall furnish copies of the audit report to the commissioner of finance and administration [office abolished], where they shall be placed on file and made available for inspection by the general public. The person performing such audit shall also furnish copies of the audit report to the Legislature's joint committee on government and finance. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Editor's notes. — The bracketed words were inserted by the editor. The office of the commissioner of finance and administration was abolished, and the duties of that office were transferred to the secretary of administration. See § 5A-1-2.

Effect of amendment of 1995. — The amendment, effective March 10, 1995, rewrote (a); in (b), substituted "shall" for "may" after "infrastructure fund" and added the proviso in the first sentence, and inserted the present second sentence; inserted "and article fifteen-b

of this chapter" in the first sentence of (c); substituted "the" for "such" preceding "loan guarantee" in (d)(2); and added (f) and (g).

§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) of the Internal Revenue Code of 1986, as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall

adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code.

(c) The council shall affix a mandatory minimum end user utility rate that must be met by the project sponsor before grant assistance may be awarded. The mandatory minimum utility rate shall be established by legislative rule promulgated in accordance with article three, chapter twenty-nine-a of this code. The rule shall provide that the mandatory minimum utility rate be based upon a uniform statewide percentage of the median household income in a particular geographic area which is rationally related to the geographic area of the project to be served.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the pre-application would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the pre-application process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total pre-application cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the pre-application process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Effect of amendment of 1995. — The amendment, effective March 10, 1995, in (a), divided the former first sentence into the present first two sentences, added the language beginning "any moneys disbursed" at the end of the first sentence, substituted "project sponsor" for "profit sponsor" in the proviso in the present second sentence, substituted "on preliminary application forms" for "or projects from time to time, and shall be submitted in the manner and on the preliminary application form" in the third sentence, and added the last sentence; added the proviso and made minor punctuation changes in the first sentence in (b); and added (c), (d), and (e).

Editor's notes. — Section 501 of the Internal Revenue Code of 1986, referred to in (a), is codified at 26 U.S.C. § 501.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (m), section two [§ 31-15A-2(m)] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (k), section two [§ 31-15A-2(k)] of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the council for community and economic development, or its successor, for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-12. Additional powers of water development authority.

To accomplish the purpose and intent of this article, the water development authority is hereby empowered, in addition to all other powers granted to it under this code, upon approval of the council, to (1) enter into agreements or other transactions with any federal or state agency in connection with any infrastructure project or project; (2) receive or administer on behalf of any federal or state agency grants, subsidies or other payments to be applied to the costs of any infrastructure project or project financed in whole or in part or otherwise assisted by the water development authority, including, but not limited to, payments to be applied to operating costs and debt service or obligations of any project sponsor; (3) receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions are made; (4) establish and amend the criteria and qualifications for making loans, loan guarantees or grants, or providing any other assistance, for any infrastructure project or project, and the terms of any loans, loan guarantee, grant or assistance agreement for any project; and (5) do all things which are necessary to further the purposes and intent of this article. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.

No part of the infrastructure fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-14. Termination or dissolution.

Upon the termination or dissolution of the water development authority, all rights and properties of the water development authority with respect to the infrastructure fund shall pass to and be vested in the state, subject to the rights of lienholders and other creditors. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-15. Projects not to be considered public improvements; competitive bid requirements.

(a) No project or infrastructure project acquired, constructed, maintained or financed in whole or in part by the water development authority shall be considered to be a "public improvement" within the meaning of the provisions of article five-a [§ 21-5A-1 et seq.], chapter twenty-one of this code, as a result of such financing.

(b) The state and its subdivisions shall, except as provided in this subsection, solicit competitive bids and require the payment of prevailing wage rates as provided in article five-a, chapter twenty-one of this code for every project or infrastructure project funded pursuant to this article exceeding twenty-five thousand dollars in total cost. Following the solicitation of the bids, the construction contract shall be awarded to the lowest qualified responsible bidder, who shall furnish a sufficient performance and payment bond: Provided, That the state and its subdivisions may reject all bids and solicit new bids on the project. Nothing in this subsection applies to work performed on construction or repair projects not exceeding a total cost of twenty-five thousand dollars by regular full-time employees of the state or its subdivisions, nor shall anything in this subsection prevent students enrolled in vocational educational schools from being utilized in the construction or repair projects when such use is a part of the students' training program. Nothing in this subsection applies to emergency repairs to building components and systems: Provided, however, That the the term "emergency repairs" means repairs that if not made immediately will seriously impair the use of the building components and systems or cause danger to those persons using the building components and systems. This subsection shall not apply to any situation where the state or a subdivision thereof comes to an agreement with volunteers, or a volunteer group, whereby the governmental body will provide construction or repair materials, architectural, engineering, technical or any other professional services and the volunteers will provide the necessary labor

without charge to, or liability upon, the governmental body: Provided further, That the total cost of the construction or repair projects does not exceed twenty-five thousand dollars.

(c) The provisions of subsection (b) of this section shall not apply to privately owned projects or infrastructure projects constructed on lands not owned by the state or a subdivision of the state. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-16. Dedication of severance tax proceeds.

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§ 11-13A-1 et seq.], chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on the first day of July, one thousand nine hundred ninety-five, the first sixteen million dollars of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three [§ 31-15B-3], article fifteen-b of this chapter: Provided, That none of the collections from the tax imposed pursuant to section six [§ 11-13A-6], article thirteen-a, chapter eleven of this code shall be so dedicated or deposited: Provided, however, That the portion of the tax imposed by article thirteen-a, chapter eleven and dedicated for purposes of medicaid and the division of forestry pursuant to section twenty-a of said article thirteen-a [§ 11-13A-20a] shall remain dedicated for the purposes set forth in said section twenty-a.

(c) On or before the first day of May of each year, commencing the first day of May, one thousand nine hundred ninety-five, the council, by resolution, shall certify to the treasurer and the water development authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b of this chapter. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Effect of amendment of 1995. — The amendment, effective March 10, 1995, in (b), inserted "general obligation debt service" prior to "fund created pursuant to" and substituted "section three, article fifteen-b of this chapter" for "section nine of this article"; and added (c).

ARTICLE 15B.

INFRASTRUCTURE BONDS.

Sec.
31-15B-1. Definitions.
31-15B-2. Infrastructure general obligation bonds; amount; when may issue.
31-15B-3. Creation of debt service fund; disbursements to pay debt service on infrastructure general obligation bonds.
31-15B-4. Infrastructure general obligation debt service fund; sources used to pay bonds and interest; investment of remainder.
31-15B-5. Covenants of state.
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31-15B-8. Infrastructure bonds lawful investments.
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31-15B-10. Termination or dissolution.
31-15B-11. Treasurer to determine financial advisor.
31-15B-12. Governor to determine bond counsel.
31-15B-13. Approval and payment of all necessary expenses.

§ 31-15B-1. Definitions.

For purposes of this article and article fifteen-a [§ 31-15A-1 et seq.] of this chapter:

(a) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3], article fifteen-a of this chapter;

(b) "Infrastructure amendment" means the amendment to the constitution of this state entitled "infrastructure amendment" as approved by referendum in the month of November, one thousand nine hundred ninety-four;

(c) "Infrastructure general obligation bond" means any bond or bonds issued by the state pursuant to section two [§ 31-15B-2] of this article;

(d) "Water development authority" means the West Virginia water development authority established under article one [§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties. (1995, c. 130.)

§ 31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the aggregate three hundred million dollars, are hereby authorized to be issued and sold solely for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development as provided for by the constitution and the provisions of this article.

These bonds may be issued by the governor upon resolution by the infrastructure council and certification to the governor. The bonds shall bear such date and mature at such time, bear interest at such rate not to exceed eight percent per annum, be in such amounts, be in such denominations, be in such registered form, carry such registration privileges, be due and payable at such time and place and in such amounts, and subject to such terms of redemption as such resolution may provide: Provided, That in no event may the amount of bonds outstanding exceed an amount for which sixteen million dollars would not be sufficient to provide annual service on the total amount of debt outstanding.

Both the principal and interest of the bonds shall be payable in the lawful money of the United States of America and the bonds and the interest thereon shall be exempt from taxation by the state of West Virginia, or by any county,

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ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.

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31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.
31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.
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§ 31-15A-1. Short title.

Cited in State ex rel. Cooper v. Caperton, 196 W. Va. 208, 470 S.E.2d 162 (1996).

§ 31-15A-2. Definitions.

For purposes of this article:

(a) "Bond" or "infrastructure revenue bond" means a revenue bond, note, or other obligation issued by the water development authority pursuant to this article, including bonds to refund such bonds and notes to renew such notes, and notes in anticipation of and payable from the proceeds of such bonds.

(b) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(c) "Cost" means, as applied to any project to be financed, in whole or in part, with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improve-

ment or construction of the project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(d) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3] of this article;

(e) "Division of environmental protection" means the division of environmental protection established under article one [§ 22-1-1 et seq.], chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Division of health" means the division of health created in article one [§ 16-1-1 et seq.], chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(g) "Economic development authority" means the economic development authority established under article fifteen [§ 31-15-1 et seq.], chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(h) "Emergency project" means a project which the council has determined: (1) Is essential to the immediate economic development of an area of the state; and (2) will not likely be developed in that area if construction of the project is not commenced immediately;

(i) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or wastewater facilities or infrastructure projects;

(j) "Housing development fund" means the West Virginia housing development fund established under article eighteen [§ 31-18-1 et seq.] of this chapter, or any successor to all or any substantial part of its powers and duties;

(k) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine [§ 31-15A-9] of this article;

(*l*) "Infrastructure project" means a project in the state which the cou determines is likely to foster and enhance economic growth and developm in the area of the state in which the project is developed, for commerc industrial, community improvement or preservation or other proper purpos including, without limitation, tourism and recreational housing, land, air water transportation facilities and bridges, industrial or commercial proje and facilities, mail order, warehouses, wholesale and retail sales facilities a other real and personal properties, including facilities owned or leased by t state or any other project sponsor, and includes, without limitation: (1) T process of acquiring, holding, operating, planning, financing, demoliti construction, improving, expanding, renovation, leasing or otherwise disposi of the project or any part thereof or interest therein; and (2) preparing land construction and making, installing or constructing improvements on the lar including water or wastewater facilities or any part thereof, steam, g telephone and telecommunications and electric lines and installations, roa bridges, railroad spurs, buildings, docking and shipping facilities, curb gutters, sidewalks, and drainage and flood control facilities, whether on or the site;

(m) "Infrastructure revenue" means all amounts appropriated by the Le islature; all amounts deposited into the infrastructure fund; any amoun received, directly or indirectly, from any source for the use of all or any part any project completed pursuant to this article; and any other amounts receiv by the state treasurer, council or the water development authority for t purposes of this article;

(n) "Need of the project sponsors" means there is a public need for a projec The council shall construe a population increase evidenced by the last tw decennial censuses in a county in which a project is proposed, as a fact supporting the conclusion that a need exists for projects in that county.

(o) "Project" means any wastewater facility, water facility project or an combination thereof, constructed or operated or to be constructed or operate by a project sponsor;

(p) "Project sponsor" means any governmental agency or person, or an combination thereof, including, but not limited to, any public utility, whic intends to plan, acquire, construct, improve or otherwise develop a project;

(q) "Public service commission" means the public service commission West Virginia created and established under section three [§ 24-1-3], articl one, chapter twenty-four of this code, or any successor to all or any substantia part of its powers and duties;

(r) "Person" means any individual, corporation, partnership, association limited liability company or any other form of business organization;

(s) "Public utility" means any person or persons, or association of persons however associated, whether incorporated or not, including, without limita tion, any governmental agency, operating a wastewater facility or wate facility as a public service, which is regulated by the public service commissio as a public utility under chapter twenty-four [§ 24-1-1 et seq.] of this code o which is required to file its tariff with the public service commission;

(t) "State development office" means the West Virginia development office established under article two [§ 5B-2-1 et seq.], chapter five-b of this code, or any successor to all or any substantial part of its powers and duties;

(u) "State infrastructure agency" means the division of health, division of environmental protection, housing development fund, public service commission, state development office, water development authority, economic development authority and any other state agency, division, body, authority, commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to, the planning, acquisition, construction or improvement of a project;

(v) "Waste water facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding waste water, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, wastewater, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(w) "Water development authority" means the West Virginia water development authority continued pursuant to the provisions of article one [§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties; and

(x) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, inserted the present (a), and redesignated the former (a) through (*l*) as (b) through (m); inserted (n), and redesignated the former (m) through (v) as (o) through (x); in (w), substituted "article one, chapter twenty-two-c of this code" for "article five-c, chapter twenty of this code"; and made stylistic changes.

§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or wastewater facility, and if the council finds in its recommendation that the construction and acquisition of the

emergency project will have no effect on the public utility's customer rates ar will have no significant effect on its operational costs as a result of the proje cost, then the emergency project is exempt from the requirement to obtain certificate of public convenience and necessity under section eleven, articl two, chapter twenty-four of this code. If the public utility is a public servic district, it is exempt from the approval of the public service commissio required under section twenty-five [§ 16-13A-25], article thirteen-a, chapte sixteen of this code.

(b) Any public utility, and any other entity that will operate as a publi utility, must obtain a certificate of public convenience and necessity pursuan to section eleven [§ 24-2-11], article two, chapter twenty-four of this code fo any emergency project that is not exempt under subsection (a) of this section The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty-day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (*l*), section two [§ 31-15A-2(*l*)] of this article and to include a water facility project as defined in subsection (n), section two [§ 31-15A-2(n)] of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subsection (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commissioner's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, in (d), in the first sentence, substituted "subsection (*l*)" for "subsection (k)," "subsection (n)" for "subsection (m),"and "subsection (a)" for "subdivision (a)"; and made a stylistic change.

§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) of the Internal Revenue Code of 1986, as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code.

(c) Notwithstanding any other provision of this article to the contrary, the council shall apply a mandatory minimum end user utility rate that must be met by the project sponsor before funding assistance may be awarded. The mandatory minimum end utility rate shall be be based upon a uniform statewide percentage of the median household income in a particular geographic area and said rate shall not exceed six tenths of one percent: Provided, That funding assistance made from the proceeds of any general obligation bonds and revenue bonds issued after the fifteenth day of March, one thousand nine hundred ninety-eight, after transfer required to make the state match for the water and wastewater revolving loan programs pursuant to article two, chapter twenty-two-c and article thirteen-c, chapter sixteen of this code, shall be provided by the council on a pro rata basis divided equally among the congressional districts of this state as delineated in accordance with section three, article two, chapter one of this code: Provided, however, That infrastructure projects as defined in subsection (1), section two of this article shall not be subject to pro rata distribution. When determining median household income of a geographic area of the project to be served, the council shall consider any surveys of the income of the households that will be served by the project.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the preapplication would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the preapplication process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total preapplication cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the preapplication process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually.

(f) The council shall report to the governor, the speaker of the House of Delegates and the president of the Senate during each regular and interim session of the Legislature, on its activities and decisions relating to distribution or planned distribution of grants and loans under the criteria to be developed pursuant to this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, added (f); rewrote (c); and made a stylistic change.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two [§ 31-15A-2(n)] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2(*l*)] of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the council for community and economic development, or its successor, for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, in the first sentence, substituted "subsection (n)" for "subsection (m)," and in the second sentence, substituted "subsection (*l*)" for "subsection (k)."

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.

No part of the infrastructure fund or the West Virginia infrastructure revenue debt service fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, inserted "or the West Virginia infrastructure revenue debt service fund."

§ 31-15A-16. Dedication of severance tax proceeds.

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§ 11-13A-1 et seq.], chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the

acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on the first day of July, one thousand nine hundred ninety-five, the first sixteen million dollars of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three [§ 31-15B-3], article fifteen-b of this chapter: Provided, That beginning on the first day of July, one thousand nine hundred ninety-eight, the first twenty-four million dollars of the tax annually collected pursuant to article thirteen-a [§ 31-13A-1 et seq.] of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three, article fifteen-b of this chapter.

(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) none of the collections from the tax imposed pursuant to section six [§ 11-13A-6], article thirteen-a, chapter eleven of this code shall be so dedicated or deposited; and (2) the portion of the tax imposed by article thirteen-a, chapter eleven and dedicated for purposes of medicaid and the division of forestry pursuant to section twenty-a [§ 11-13A-20a] of said article thirteen-a shall remain dedicated for the purposes set forth in said section twenty-a.

(d) On or before the first day of May of each year, commencing the first day of May, one thousand nine hundred ninety-five, the council, by resolution, shall certify to the treasurer and the water development authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b [§ 31-15B-1 et seq.] of this chapter. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, inserted (c), and redesignated the former (c) as (d); and in (b), rewrote the proviso.

§ 31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.

(a) To accomplish the purpose and intent of this article, the water development authority is hereby empowered at the written request of the council to issue from time to time infrastructure revenue bonds of the state in such principal amounts as the council deems necessary to make loans and loan guarantees and other forms of financial assistance to project sponsors for one or more projects or infrastructure projects: Provided, That the water development authority may not issue any such bonds, other than refunding bonds, unless the council by resolution determines that the aggregate cost of the

projects or infrastructure projects expected to be constructed during any annual period exceeds (1) the projected annual infrastructure revenues for the same period, and (2) the principal and interest payments not otherwise pledged to the infrastructure revenue debt service fund that are due the water development authority on all outstanding loans previously made by the water development authority pursuant to the provisions of this article.

(b) The proceeds of infrastructure revenue bonds shall be used solely for the purpose of making loans and loan guarantees and other forms of financial assistance to sponsors of one or more projects or infrastructure projects, and shall be deposited in one or more special accounts with the trustee under the trust agreement securing such bonds and disbursed from time to time for projects or infrastructure projects in accordance with this article: Provided, That notwithstanding any provision of this code to the contrary, twenty percent of the funds deposited in the special account shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2(*l*)], of this article.

(c) The water development authority may not authorize the disbursement of any proceeds of infrastructure revenue bonds unless it has received documentation from the council pursuant to the provisions of section ten [§ 31-15A-10] of this article.

(d) There is hereby created in the water development authority a special fund which shall be designated and known as the "West Virginia Infrastructure Revenue Debt Service Fund," into which shall be transferred solely from the loan repayments deposited in the infrastructure fund the amounts certified by the director of the water development authority as necessary to pay the principal, premium, if any, and interest on infrastructure revenue bonds and any reserve requirements, subject to the terms of any agreement with the holders of the infrastructure revenue bonds. All amounts deposited in the West Virginia infrastructure revenue debt service fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any infrastructure revenue bonds authorized by this article: Provided, That amounts on deposit in the fund may be used to establish or maintain reserves created for the purposes of securing such infrastructure revenue bonds. The pledge shall be valid and binding from the time the pledge is made, and the West Virginia infrastructure revenue debt service fund so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the water development authority irrespective of whether the parties have notice thereof.

(e) Except as may otherwise be expressly provided in this article or by resolution of the water development authority, every issue of infrastructure revenue bonds shall be special obligations of the water development authority payable solely from amounts in the West Virginia infrastructure revenue debt service fund. and the reserves created for this purpose by the water development authority, without preference or priority among the bonds regardless of when issued. subject only to any agreements with the holders of any bonds to the contrary. All such bonds are hereby declared to be negotiable instruments.

(f) Infrastructure revenue bonds shall be authorized by resolution of th water development authority. These bonds shall bear such dates and sha mature at such times, in case of any note or renewal thereof not exceeding fiv years from the date of issue of the original note, and in the case of any bond nc exceeding fifty years from the date of issue, as the resolution may provide Infrastructure revenue bonds shall bear interest at a rate or rates, includin variable rates, shall be taxable or tax-exempt, shall be in the denominations shall be in registered form, shall carry the registration privileges, shall b payable in the medium and place of payment, and shall be subject to the term of redemption as the water development authority may authorize. Infrastruc ture revenue bonds may be sold by the water development authority at publi or private sale at the price the water development authority determines ir consultation with the council. Infrastructure revenue bonds shall be executec by the chairman and the vice chairman of the water development authority either or both of whom may use a facsimile signature. The official seal of the water development authority or a facsimile thereof shall be affixed thereto or printed thereon and attested by manual or facsimile signature by the secretary-treasurer of the water development authority. If any officer whose signature, or a facsimile of whose signature appears on any infrastructure revenue bond ceases to be such officer before delivery of such bond, such signature or facsimile is nevertheless sufficient for all purposes to the same extent as if he or she had remained in office until such delivery, and if the seal of the water development authority has been changed after a facsimile has been imprinted on such bond, the facsimile will continue to be sufficient for all purposes.

(g) Any resolution authorizing any infrastructure revenue bonds may contain provisions, subject to any agreement with bondholders or noteholders which may then exist, which agreements shall be part of the contract with the holder thereof, with respect to the pledge of or other use and disposition of amounts in the infrastructure revenue debt service fund; the setting aside of reserve funds; the disposition of any assets of the water development authority; limitations on the purpose to which the proceeds of sale of bonds may be applied; the authorization of notes issued in anticipation of the issuance of bonds; an agreement of the water development authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; the refunding of outstanding bonds and the renewal of outstanding notes; the procedures, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated; the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; and any other matter which in any way affects the security for or protection of the bonds.

(h) In the event that the sum of all reserves pledged to the payment of the bonds is less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of the bonds, the chairman or the director of the water development authority shall certify, on or before the

first day of December of each year, the amount of such deficiency to the governor of the state for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the water development authority to be pledged for payment of such bonds: Provided, That the Legislature shall not be required to make any appropriations so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state.

(i) Neither the officers or board members of the water development authority, nor any person executing the infrastructure revenue bonds, shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.

(a) Any infrastructure revenue bonds issued by the water development authority under this article shall be secured by a trust agreement between the water development authority and a corporate trustee, which trustee may be any trust company or banking institution having the powers of a trust company within this state.

(b) Any trust agreement may pledge or assign the infrastructure revenue debt service fund. Any trust agreement or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as are reasonable and proper and not in violation of law, including the provisions contained in section seventeen [§ 31-15A-17] of this article, and covenants setting forth the duties of the water development authority in respect to the payment of the principal of and interest, charges and fees on loans made to, or bond purchases from, governmental agencies from the proceeds of the bonds, and the custody, safeguarding and application of all moneys. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or of the infrastructure debt service fund shall furnish such indemnifying bonds or pledge securities as are required by the water development authority. The trust agreement may set forth the rights and remedies of the bondholders and noteholders and of the trustee and may restrict individual rights of action by bondholders and noteholders as customarily provided in trust agreements or trust indentures securing similar bonds and notes. The trust agreement may contain such other provisions as the water development authority deems reasonable and proper for the security of the bondholders or noteholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as part of the cost of the construction, renovation, repair, improvement or acquisition of a project or infrastructure project. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-19. Legal remedies of infrastructure reven bondholders or noteholders and trustees.

Any holder of infrastructure revenue bonds issued pursuant to this art and the trustee under any trust agreement, except to the extent the rig given by this article may be restricted by the applicable resolution or tr agreement, may by civil action, mandamus or other proceedings protect a enforce any rights granted under the laws of this state or granted under t article, by the trust agreement or by the resolution in the issuance of t bonds, and may enforce and compel the performance of all duties required this article, pursuant to the trust agreement or resolution, to be performed the water development authority or any officer thereof. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-20. Infrastructure revenue bonds lawful inves ments.

All infrastructure revenue bonds issued pursuant to this article shall b lawful investments for banking institutions, societies for savings, building an loan associations, savings and loan associations, deposit guarantee associa tions, trust companies, and insurance companies, including domestic for lif and domestic not for life insurance companies. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-21. Purchase and cancellation of infrastructure revenue bonds.

(a) The water development authority, subject to such agreements with noteholders or bondholders as may then exist, shall have the power, from any funds available therefor, to purchase or redeem infrastructure revenue bonds of the water development authority.

(b) If the infrastructure revenue bonds are then redeemable, the price of the purchase shall not exceed the redemption price then applicable, plus accrued interest to the next interest payment date thereon. If the infrastructure revenue bonds are not then redeemable, the price of the purchase shall not exceed the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption, plus accrued interest to such date. Upon purchase or redemption, the bonds shall be canceled. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-22. Refunding revenue bonds.

Any infrastructure revenue bonds issued pursuant to the provisions of this article and at any time outstanding may at any time and from time to time be refunded by the water development authority by the issuance of its refunding revenue bonds in an amount it deems necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon, to provide additional funds for the water development authority to accomplish the purpose of this article, and to pay any premiums and commissions necessary to be paid in connection therewith. Any refunding may be effected whether the infrastructure revenue bonds to be refunded shall have then matured or shall thereafter mature: Provided, That the holders of any infrastructure revenue bonds so to be refunded shall not be compelled without their consent to surrender their infrastructure revenue bonds for payment or exchange prior to the date on which they are payable or, if they are called for redemption, prior to the date on which they are by their terms subject to redemption. Any refunding revenue bonds issued pursuant to this article shall be payable from the West Virginia infrastructure revenue debt service fund, and shall be subject to the provisions contained in section seventeen [§ 31-15A-17] of this article, and shall be secured in accordance with the provisions of sections seventeen and eighteen [§§ 31-15A-17 and 31-15A-18] of this article. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.

Infrastructure revenue bonds issued pursuant to the provisions of this article shall not constitute a debt or a pledge of the faith and credit or taxing power of this state or of any county, municipality or any other political subdivision of this state. The holders or owners thereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of this state for the payment of the principal thereof or interest thereon. The bonds shall be payable solely from the revenues and funds pledged for their payment as authorized by this article. All such bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not debts of the state or any county, municipality or political subdivision thereof, but are payable solely from revenues and funds pledged for their payment. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

§ 31-15A-24. Infrastructure revenue bonds exempt from taxation.

The exercise of the powers granted to the water development authority by this article will be in all respects for the benefit of the people of the state, for the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is for a public purpose. As the construction, acquisition, repair or renovation of projects or infrastructure projects will constitute the performance of essential governmental functions, the water development authority shall not be required to pay any taxes or assessments upon any project or upon any property acquired or used by the water development authority or upon the income therefrom. The infrastructure revenue bonds and all interest and income thereon shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except estate taxes. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (June 12, 1998).

ARTICLE 15B.

INFRASTRUCTURE BONDS.

Sec.
31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

§ 31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the aggregate three hundred million dollars, are hereby authorized to be issued and sold solely for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development as provided for by the constitution and the provisions of this article.

These bonds may be issued by the governor upon resolution by the infrastructure council and certification to the governor. The bonds shall bear such date and mature at such time, bear interest at such rate not to exceed eight percent per annum, be in such amounts, be in such denominations, be in such registered form, carry such registration privileges, be due and payable at such

JANUARY Term, FIFTEENTH Day THURSDAY JANUARY 30th, 1958 JANUARY 19 58

IN RE: LUBECK DISTRICT - PUBLIC SERVICE DISTRICT WITHIN WOOD COUNTY, WEST VIRGINIA.

Parkersburg, West Virginia
Jan. 30, 1958

The County Court of Wood County, West Virginia, met in regular session pursuant to law and to the rules of said court at the County Court House, Parkersburg, West Virginia, at 10 o'clock A. M. The meeting was called to order and the roll being called there were present Harry C. Nicely, President, presiding, and the following named commissioners: Guy M. Kincheloe and Malcolm B. Louden.

Absent: NONE

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Lubeck Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on 19th December, 1957, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Malcolm B. Louden introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Lubeck Public Service District in Wood County, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Guy M. Kincheloe seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Harry C. Nicely
Guy M. Kincheloe
Malcolm B. Louden

Nay: NONE

Whereupon the President declared the motion duly carried and said resolution and order duly adopted. Malcolm B. Louden introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the public service board of the Lubeck Public Service District."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Guy M. Kincheloe seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Harry C. Nicely
Guy M. Kincheloe
Malcolm B. Louden

Nay: NONE

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

On motion and vote the meeting adjourned.

Attest:
L. C. White
Clerk

s/ Harry C. Nicely
President

A RESOLUTION AND ORDER CREATING
LUBECK PUBLIC SERVICE DISTRICT IN
WOOD COUNTY, WEST VIRGINIA

WHEREAS, the County Court of Wood County, West Virginia, did heretofore by a resolution and order adopted December 19, 1957, fix a date for a public hearing on the creation of the proposed Lubeck Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Wood County, West Virginia, as follows:

Section 1. That a public service district within Wood County, West Virginia, is hereby created, and said district shall have the following bounderies:

Beginning at the Ohio River approximately one-half mile up stream from Blennerhassett Island at a point having a latitude of N. 39° 15' 58" and a longitude of W. 81° 35' 00", thence South 1.4 miles to a point having a latitude of N. 39° 14' 24" and a longitude of W. 81° 35' 00", thence West 1.73 miles to a point having a latitude of N. 39° 14' 24" and a longitude of W. 81° 36' 58", thence S. 37° 00' 00" W. 2.9 miles to a point having a latitude of N. 39° 12' 43" and a longitude of W. 81° 38' 53", thence West 1.80 miles to a point having a latitude of N. 39° 12' 43" and a longitude of W. 81° 40' 55", thence to the Ohio River N. 32° 00' 00" W. 0.75 miles to a point having a latitude of N. 39° 13' 16" and a longitude of W. 81° 41' 22, thence along and with the Ohio River approximately 8.85 miles to the beginning.

Containing generally the communities of Merrtown, Lubeck, Blennerhassett Heights and Washington together with contiguous areas. All within the magisterial district of Lubeck, Wood County, State of West Virginia, as shown upon a map prepered by J. H. Milem, Inc., Consulting Engineers, 1214 Myers Avenue, Dunbar, West Virginia, November 1957.

Section 2. That said public service district so created shall have the name and corporate title of "Lubeck Public Service District", and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Wood County, West Virginia, has determined that the territory within Wood County, West Virginia, having the hereinto above described bounderies,

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, H. K. Smith, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify t the attached and foregoing writing is a full, true and complete transcript and copy of Order Dated January 30, IN RE: Lubeck Public Service District .

as the same appears of record in my said Office in Order Book 28, Page 149

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County, o Wood and State of West Virginia, this the 24th day of April, 1986

H. K. SMITH

CLERK WOOD COUNTY COMMISSION

By: Martha J. DeLore
Deputy

7/11/88
51/72

A RESOLUTION AND ORDER ENLARGING
LUBECK PUBLIC SERVICE DISTRICT IN WOOD COUNTY, WEST VIRGINIA

WHEREAS, the Wood County Commission did heretofore by order entered on June 16, 1988, fix the 7th day of July, 1988, as a date for a public hearing on the enlargement of Lubeck Public Service District, and notice of said hearing was published and posted as required by Article 13-A, Chapter 16 of the West Virginia Code, and in said notice it was provided that all persons residing in, or owning, or having any interest in property in the areas proposed to be included might appear at the time and place of said meeting and be heard for and against said enlargement, and

WHEREAS, the Wood County Commission proceeded to hold said public hearing on the 7th day of July, 1988, at 7:00 o'clock P. M., at which hearing in excess of 175 persons were present, and the Commission receiving neither written protest nor oral protest to said enlargement, and all of the persons present unanimously favoring said enlargement,

NOW THEREFORE BE IT RESOLVED AND ORDERED that the affidavit of The Parkersburg News of the publication of the notice of public hearing, together with the affidavit of James M. Cox as to the posting within the areas to be included within Lubeck Public Service District, be and the same are hereby filed.

BE IT FURTHER RESOLVED AND ORDERED that it is necessary, feasible and proper to enlarge Lubeck Public Service

District will be conducive to the preservation of public health, comfort and convenience of such areas.

BE IT FURTHER ORDERED that within ten (10) days after the entry of this Order a certified copy thereof be filed for review and approval with the Public Service Commission of West Virginia as required by Article 13-A, Chapter 16, of the West Virginia Code.

Entered this 11th day of July, 1988.

Commissioner

Commissioner

Commissioner

NOTICE OF PUBLIC HEARING TO ENLARGE LUBECK PUBLIC SERVICE DISTRICT TO INCLUDE THE LOST PAVEMENT, MISSOURI RUN, HOPE HILL, HOMEWOOD ROAD AND WOODYARD CREEK ROAD AREAS

Notice is given that the Wood County Commission has fixed the 7th day of July, 1988, at 7:00 o'clock P. M. at the Judicial Annex Building of Wood County in the City of Parkersburg, West Virginia, as the time and place for a public hearing to consider the enlargement of Lubeck Public Service District to include the areas commonly known as Lost Pavement, Missouri Run, Hope Hill, Homewood Road, Woodyard Creek Road areas, located in Wood County, West Virginia, to provide public water service to those areas, which areas are collectively described as follow:

BEGINNING at a point in the present southerly boundary of Lubeck Public Service District having a latitude of N. 39° 12' 43" and having a longitude of W. 81° 40' 55"; thence in a southeasterly direction approximately 2.3 miles to a point having a latitude of N. 39° 11' 13" and having a longitude of W. 81° 39' 07"; thence in an easterly direction approximately 4.6 miles to a point having a latitude of N. 39° 11' 13" and having a longitude of W. 81° 33' 07"; thence in a northerly direction approximately 2.5 miles to a point having a latitude of N. 39° 13' 25" and having a longitude of W. 81° 33' 07"; thence in a northwesterly direction approximately 2.15 miles to a point in the present boundary of Lubeck Public Service District having a latitude of N. 39° 14' 24" and a longitude of W. 81° 35'; thence with the present boundary line of Lubeck Public Service District the following three courses: W. approximately 1.73 miles to a point having a latitude of N. 39° 14' 24" and a longitude of W. 81° 36' 58"; thence southwest approximately 2.9 miles to a point having a latitude of N. 39 12' 43" and a longitude of W. 81° 38' 58"; thence W. approximately 1.80 miles to the place of beginning.

All persons residing in, or owning, or having any interest in property in said areas may appear at the aforesaid time and place and be heard for and against said enlargement.

Jamie Six, Clerk
Wood County Commission

June 24 N

MARCIA MOORE

being first duly sworn, says that the

notice of public hearing----7th day of JULY

hereto attached was printed in the Parkersburg News a daily newspaper published in the City of Parkersburg, Wood County, West Virginia, and posted at the front door of the Court House for one successive weeks, the first publication ~~and posting~~ thereon being on the 24th day of JUNE 19 88, and subsequent publication on the ..... day of ..... 19 ....., the ..... day of ..... 19 ....., the ..... day of ..... 19 ....., the ..... day of ..... 19 ....., and the ..... day of ..... 19 .....

Printer's Fee $ 27.13
434 words @ .0625

Marcia Moore

Subscribed and sworn to before me this 24th day of JUNE 19 88.

Helen A. Lemmy
Notary Public for Wood County, West Virginia

My commission expires 7-21-92

ersburg Printing Co. - 5/71

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of IN RE: THE COUNTY COMMISSION OF WOOD COUNTY APPROVED THE ENLARGEMENT OF THE LUBECK PUBLIC SERVICE DISTRICT as the same appears of record in my said Office in COURT ORDER BOOK NO. 51, Page 72

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 6th day of February, 1990

JAMIE SIX

CLERK WOOD COUNTY COMMISSION

By: Pauline Eaton
Deputy

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of IN RE: ENLARGEMENT AND RE-ADJUSTMENT OF THE BOUNDARIES OF LUBECK PUBLIC SERVICE DISTRICT

as the same appears of record in my said Office in COURT ORDER BOOK 60, Page 80

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of MARCH, 19 97

JAMIE SIX

CLERK WOOD COUNTY COMMISSION

By: Linda Tomlett

Deputy

RULES AND PROCEDURES

LUBECK PUBLIC SERVICE DISTRICT

ARTICLE I

Name and Place of Business

Section 1. Name: LUBECK PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Washington, in Wood County, West Virginia.

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Lubeck 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.

APTICLE II

Purpose

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, as amended.

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 Wood County, West Virginia, who shall serve for such terms as may be specified in the order of the County Commission by which they are appointed.

ARTICLE V

Officers

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board.

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 Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these rules, or prescribed by law. He 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 and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the

RESOLUTION AMENDING ARTICLE IV, SECTION 3 OF THE RULES OF PROCEDURE OF LUBECK PUBLIC SERVICE DISTRICT; ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA; AND PROVIDING WHEN THIS AMENDATORY RESOLUTION SHALL TAKE EFFECT.

WHEREAS, section 3, article 9A, chapter 6 of the Code of West Virginia, 1931, as amended, requires that governing bodies of public bodies promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media;

WHEREAS, the Rules of Procedure of the District adopted March 28, 1990 (the "Rules") do not specifically provide for the notification of news media;

WHEREAS, the Board deems it essential and desirable that Article IV, Section 3 of the Rules be revised to ensure compliance with the applicable statutory requirements;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF LUBECK PUBLIC SERVICE DISTRICT AS FOLLOWS:

Section 1. Article IV, Section 3 of the Rules is amended to read as follows:

"Section 3. A. Notice of Regularly Scheduled Meetings. In July of each year, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place where notices customarily are posted, a notice setting forth the times and places of the Board's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Secretary.

Also in July of each year, the Board shall instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

WOOD COUNTY NEWS MEDIA

News Media	Address
The Parkersburg News	519 Juliana Street Parkersburg, WV 26101
The Parkersburg ~~Centennial~~ Sentinel	519 Juliana Street Parkersburg, WV 26101
WTAP-TV	1 Television Plaza Parkersburg, WV 26101
WXIL-FM	P.O. Box 1228 Parkersburg, WV 26102
WRZZ-FM	P.O. Box 1346 Parkersburg, WV 26102
WLTP-AM	6006 Grand Central Avenue Vienna, WV 26105

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Board.

In the event of any modification in the time or place of a regularly scheduled meeting of the Board, notice of such modification shall be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

B. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post on the door of the regular meeting place of the Board, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Subsection A hereof a notice identical to that posted. Amendments made to such list, as provided for in said Subsection A, shall be incorporated by reference in this Subsection B. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Subsection A, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Subsection B shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

C. Emergency Meetings. A meeting as of the Board may be held without the notice to the public and news media required by Subsections A or B hereof only in the event of any emergency requiring immediate official action. The existence for 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 attached to and made a part of the minutes of such emergency meeting."

Section 2. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 3. Effective Time. This Resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Board Meeting: February 25, 1999

Adopted by Board: February 25, 1999

Chairman

[SEAL]

Secretary

CHASFS3:140474

OCTOBER TERM

MONDAY, DECEMBER 11, 1995
EIGHTEENTH DAY

DECEMBER 1995

At a regular session of the County Commission, continued and held for the County of Wood, at the Courthouse thereof, Monday, December 11, 1995, Present, Jean Grapes, President of said Commission, and Steven A. Grimm and Holmes R. Shaver, Commissioners.

The orders and proceedings of the previous session of this Commission, held on Thursday, December 7, 1995, were read before the Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED JAMES E. SMITH TO THE LUBECK PUBLIC SERVICE DISTRICT.

ORDER

On this date, and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments to Boards and Authorities, the County Commission of Wood County, upon a motion made by Steven A. Grimm, seconded by Jean Grapes and passed, reappointed James E. Smith to the Lubeck Public Service District. Mr. Smith was placed in nomination on November 30, 1995. Mr. Smith's term will expire on December 31, 2001.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/ Jean Grapes
Jean Grapes, President
s/ Steven A. Grimm
Steven A. Grimm, Commissioner
s/ Holmes R. Shaver
Holmes R. Shaver, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission, do now adjourn to meet in regular session, Thursday, December 14, 1995, at 9:00 o'clock A. M.

Jean Grapes
President

OCTOBER TERM

EIGHTEENTH DAY
MONDAY, DECEMBER 13, 1993

DECEMBER, 1993

At a regular session of the County Commission, continued and held for the County of Wood, at the Court House thereof, Monday, December 13, 1993, Present, Holmes R. Shaver, President of said Commission, and Jean Grapes and Steven A. Grimm, Commissioners.

The orders and proceedings of the previous session of this Commission, held on Thursday, December 9, 1993, were read before the Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED LEE JOHNSON TO THE LUBECK PUBLIC SERVICE DISTRICT BOARD.

ORDER

On this date and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments being made by the County Commission of Wood County and further pursuant to an Order appearing in Order Book 55, at Page 467 and bearing the date of December 2, 1993, at which time the County Commission announced that a vacancy would exist on the Lubeck Public Service District Board due to a term expiring on December 31, 1993, the County Commission, upon a motion made by Steven A. Grimm, seconded by Jean Grapes and passed, reappointed Lee Johnson to fill said vacancy. Mr. Johnson was put in nomination by above order dated December 2, 1993. Mr. Johnson's term will expire on December 31, 1999.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/ Holmes R. Shaver
Holmes R. Shaver, President
s/ Jean Grapes
Jean Grapes, Commissioner
s/ Steven A. Grimm
Steven A. Grimm, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in regular session, Thursday, December 16, 1993, at 9:00 o'clock A.M.

President

ORDERS-Wood County Commission, West Virginia

JANUARY Term, MONDAY, JANUARY 5, 1998 FIRST Day JANUARY 19 98

IN RE: THE COUNTY COMMISSION PLACED CHARLES HUFFMAN, JR. IN NOMINATION FOR REAPPOINTMENT TO THE LUBECK PUBLIC SERVICE DISTRICT. (NUNC PRO TUNC DECEMBER 29, 1997)

O R D E R

On this date and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments to Boards and Authorities; the County Commission of Wood County, upon a motion duly made, seconded and passed, placed Charles Huffman, Jr. in nomination for reappointment to the Lubeck Public Service District. The new term will expire on December 31, 2003. The vacancy was announced by Order dated December 1, 1997.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/David A. Couch
David A. Couch, President
s/Holmes R. Shaver
Holmes R. Shaver, Commissioner
s/Robert K. Tebay
Robert K. Tebay, Commissioner

IN RE: THE COUNTY COMMISSION REAPPOINTED CHARLES HUFFMAN, JR. TO THE LUBECK PUBLIC SERVICE DISTRICT.

O R D E R

On this date and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments to Boards and Authorities; the County Commission of Wood County, upon a motion made by Robert K. Tebay, seconded by David A. Couch and made unanimous by Holmes R. Shaver, reappointed Charles Huffman, Jr. to the Lubeck Public Service District. The new term will expire on December 31, 2003. The vacancy was announced by Order dated December 1, 1997.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/David A. Couch
David A. Couch, President
s/Holmes R. Shaver
Holmes R. Shaver, Commissioner
s/Robert K. Tebay
Robert K. Tebay, Commissioner

IN RE: REVIEW AND EQUALIZATION OF REAL AND PERSONAL PROPERTY BY THE WOOD COUNTY COMMISSION.

O R D E R

Pursuant to Chapter 11, Article 3, Section 24 of the Code of the State of West Virginia, of 1931, as amended, upon a motion made by Robert K. Tebay, seconded by David A. Couch and made unanimous by Holmes R. Shaver, THE COUNTY COMMISSION OF WOOD COUNTY, will meet for the purpose of reviewing and equalizing the assessments made by the Assessor of the said County of Wood, for the year 1998, beginning on the 2nd day of February, 1998 and continuing through and including the 9th day of February, 1998, (Saturdays and Sundays excepted) each session beginning at 10:00 o'clock A.M. until 12:00 Noon and from 1:00 o'clock P.M. until 3:00 o'clock P.M.; and also will be available by appointment through the County Administrator's Office, if needed beginning on the 10th day of February, 1998, (Saturdays and Sundays excepted) beginning at 10:00 o'clock A.M. until 12:00 o'clock noon and from 1:00 o'clock P.M. until 3:00 o'clock P.M., and concluding at 3:00 o'clock P.M. on the 27th day of February, 1998, for the purpose of hearing any and all complaints of taxpayers as to the assessments placed upon his or her property by the Assessor.

The County Commission shall proceed to examine and review the property books and shall add on the books, the names of persons, the value of personal property and descriptions and value of all real estate liable to assessments, which were omitted by the Assessor. They shall correct all errors in the names of persons, in the description of value of property and they shall cause to be done whatever else may be necessary to make the valuation comply with the provisions of this Chapter; but, in no case, shall any questions of classification or taxability be considered or reviewed.

IF ANY PERSON FAILS TO APPLY FOR RELIEF IN THIS MATTER, HE SHALL HAVE WAIVED HIS RIGHT TO ASK FOR CORRECTION IN HIS ASSESSMENT LIST FOR THE CURRENT YEAR, AND SHALL NOT, THEREAFTER, BE PERMITTED TO QUESTION THE CORRECTNESS OF HIS LIST AS FINALLY FIXED BY THE COUNTY COMMISSION, EXCEPT ON APPEAL TO THE CIRCUIT COURT.

Dated this 5th day of January, 1998.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/David A. Couch
David A. Couch, President
s/Holmes R. Shaver
Holmes R. Shaver, Commissioner
s/Robert K. Tebay
Robert K. Tebay, Commissioner

IN RE: PRESIDENT OF THE WOOD COUNTY COMMISSION - DAVID A. COUCH (1998)

Upon a motion made by Holmes R. Shaver, seconded by Robert K. Tebay and passed, David A. Couch is hereby elected as President of the Wood County Commission for the year of 1998.

IN RE: PRESIDENT PRO TEM OF THE WOOD COUNTY COMMISSION - HOLMES R. SHAVER (1998)

Upon a motion made by Robert K. Tebay, seconded by David A. Couch and passed, Holmes R. Shaver, is hereby elected as President Pro Tem of the Wood County Commission for the year of 1998, to serve in the absence of David A. Couch, President

IN RE: COURT TERMS AND HOURS OF THE WOOD COUNTY COMMISSION (1998)

Upon a motion made by Holmes R. Shaver, seconded by Robert K. Tebay and made unanimous by David A. Couch, it is hereby agreed that the Commission terms are to be held on Mondays, from 9:00 o'clock A.M. until 12:00 o'clock Noon and from 1:00 o'clock P.M. until 4:00 o'clock P.M. and on Thursdays from 9:00 o'clock A.M. until 12:00 o'clock Noon.

Upon a motion made by Holmes R. Shaver, seconded by Robert K. Tebay and made unanimous by David A. Couch, it is hereby unanimously agreed by the members of the Wood County Commission, that offices at the Wood County Courthouse will close at 12:00 o'clock Noon on Good Friday, April 10, 1998. (The closing of the office of the Circuit Clerk of Wood County shall be determined by the Chief Judge.) It is further unanimously agreed by the members of the Wood County Commission that any day or part thereof that has been designated by the Governor of West Virginia as time off for State Employees Statewide shall be designated as time off for County Employees in accordance with subsection c, subdivision (14), of Section 1, Article 2, Chapter 2 of the West Virginia Code.

IN RE: SPECIAL MEETINGS AND EMERGENCY MEETINGS

All Special and Emergency Meetings held before the Wood county Commission will be in accordance with Chapter 7, Article 1, Section 2 of the West Virginia Code.

IN RE: AGENDA

The agenda for all regularly scheduled meetings held before the Wood County Commission on their regularly scheduled meeting days will be available to the public in the Office of the County Administrator.

THE FOLLOWING APPOINTMENTS TO THE VARIOUS COMMITTEES WERE MADE BY DAVID A. COUCH, PRESIDENT OF THE WOOD COUNTY COMMISSION, AS FOLLOWS:

IN RE: WOOD COUNTY RECREATION COMMISSION - DAVID A. COUCH

IN RE: WOOD COUNTY AIRPORT AUTHORITY - HOLMES R. SHAVER

IN RE: WOOD COUNTY COMMUNITY RESOURCES, INC.

JANUARY TERM THURSDAY, JANUARY 4, 1996
FIRST DAY

JANUARY 1996

At a regular session of the County Commission, continued and held for the County of Wood, at the Courthouse thereof, Thursday, January 4, 1996, Present, Jean Grapes, President of said Commission, and Steven A. Grimm and Holmes R. Shaver, Commissioners.

The orders and proceedings of the previous session of this Commission, held on Thursday, December 28, 1995, were read before the Commission, approved and ordered signed.

IN RE: JAMES E. SMITH-REAPPOINTMENT-OATH OF OFFICE-MEMBER PUBLIC SERVICE BOARD OF LUBECK PUBLIC SERVICE DISTRICT.

Came this day, James E. Smith, who was heretofore by order of this Commission, reappointed as a Member of the Public SErvice Board of Lubeck Public SErvice District, and his term will expire on the 31st day of December, 2001. With the approval of the County Commission, the said James E. Smith subscribed to the following oath as such REappointed Member of the Public SErvice Board of Lubeck Public SErvice District.

"STATE OF WEST VIRGINIA,
COUNTY OF WOOD TO-WIT:

I, James E. Smith, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of WEst Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER PUBLIC SERVICE BOARD OF LUBECK PUBLIC SERVICE DISTRICT in and for Wood County, WEst Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/ James E. Smith

Subscribed and sworn to, before THE COUNTY COMMISSION of Wood County, WEst Virginia, this 4th day of January, 1996.

Term Expires: December 31, 2001

Jamie Six
Clerk Wood County Commission
By: Ruth A. McBride, Deputy"

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in regular session, Monday, January 8, 1996, at 9:00 o'clock A.M.

President

OCTOBER TERM

TWENTIETH DAY
MONDAY, DECEMBER 20, 1993

DECEMBER, 1993

At a regular session of the County Commission, continued and held for the County of Wood, at the Court House thereof, MOnday, December 20, 1993, Present, Holmes R. Shaver, President of said Commission, and Jean Grapes and STeven A. Grimm, Commissioners.

The orders and proceedings of the previous session of this Commission, held on Thursday, December 16, 1993, were read before the Commission, approved and ordered signed.

√ IN RE: LEE JOHNSON--REAPPOINTMENT--OATH OF OFFICE--MEMBER PUBLIC SERVICE BOARD OF LUBECK PUBLIC SERVICE DISTRICT.

Came this day, Lee Johnson, who was heretofore by order of this Commission, reappointed as a Member of the Public Service Baord of Lubeck Public Service District, and his term will expire on the 31st day of December, 1999. With the approval of the County Commission, the said Lee Johnson subscribed to the following oath as such Reappointed Member of the Public Service Board of Lubeck Public Service District.

"STATE OF WEST VIRGINIA,
COUNTY OF WOOD TO-WIT:

I, LEE JOHNSON, so solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER PUBLIC SERVICE BOARD OF LUBECK PUBLIC SERVICE DISTRICT in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/ Lee Johnson

Subscribed and sworn to, before THE COUNTY COMMISSION of Wood County, WEst Virginia, this 20th day of December, 1993.

Jamie Six
Clerk Wood County Commission
By: Ruth A. McBride, Deputy"

Term expires: December 31, 1999.

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in regular session, Thursday, December 23, 1993, at 9:00 o'clock A. M.

President

At a Regular Session of the County Commission, continued and held for the Coutny of Wood, at the Courthouse thereof, Thursday, January 8, 1998, Present, David A. Couch, President of said Commission, and Robert K. Tebay, Commissioner.

The orders and proceedings of the previous session of this Commission, held on Monday, January 5, 1998, were read before the Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED JOHN V. ROBERTS TO THE WOOD COUNTY BUILDING COMMISSION.

O R D E R

On this date and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments to Boards and Authorities; the County Commission of Wood County, upon a motion made by Robert K. Tebay, seconded by David A. Couch and passed, reappointed John V. Roberts to the Wood County Building Commission. The vacancy was announced on December 1, 1997 and Mr. Roberts was placed in nomination on December 8, 1997. The new term will expire on December 20, 2002.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/David A. Couch
David A. Couch, President
s/Robert K. Tebay
Robert K. Tebay, Commissioner

IN RE: NELSON B. DOUGLASS--OATH OF OFFICE--APPOINTED TO THE WOOD COUNTY PLANNING COMMISSION.

"STATE OF WEST VIRGINIA,
COUNTY OF WOOD TO-WIT:

I, NELSON B. DOUGLASS, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of APPOINTED TO WOOD COUNTY PLANNING COMMISSION in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/ Nelson B. Douglass

Subscribed and sworn to, before COUNTY COMMISSION of Wood County, West Virginia, this 8th day of January, 1998.

Jamie Six
Clerk Wood County Court
By: Ruth A. McBride, Deputy

TERM EXPIRES DECEMBER 31, 2000.

IN RE: CHARLES HUFFMAN, JR.--OATH OF OFFICE--REAPPOINTED TO THE LUBECK PUBLIC SERVICE DISTRICT.

"STATE OF WEST VIRGINIA,
COUNTY OF WOOD TO-WIT:

I, CHARLES HUFFMAN, JR., do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED TO THE LUBECK PUBLIC SERVICE DISTRICT in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/ Charles H. Huffman, Jr.

Subscribed and sworn to, before COUNTY COMMISSION of Wood County, West Virginia, this 8th day of JANUARY, 1998.

Jamie Six
Clerk Wood County Court
By: Ruth A. McBride, Deputy

IN RE: EXTRADITION TRIP EXPENSE.

O R D E R

This day came GINNY CONLEY, Prosecuting Attorney in and for Wood County, West Virginia, and represented to the Court that Derrick D. Greathouse stands charged with a felony. The said Derrick D. Greathouse was being held by the authorities in Columbus, Ohio. It was therefore necessary that Detective R. B. Bargeloh and Detective D. A. Moody travel to Columbus, Ohio and pick up the said Derrick D. Greathouse and return him to Wood County, West Virginia.

Expenditures for said round trip from Parkersburg, West Virginia to Columbus, Ohio and return cost $23.02.

It appearing proper to do so, it is hereby ORDERED that a check be issued in the amount of $23.02 to Detective R. B. Bargeloh. Attached is an itemized statement of the expenditures. The funds for this expenditure are to be taken from the Extradition Circuit Court account number 1-101-416-40-0-34 and reimbursed by the Division of Corrections of the State of West Virginia.

Dated this 8th day of January, 1998.

s/ David A. Couch
s/ Robert K. Tebay

s/ Ginny Conley
GINNY CONLEY
Prosecuting Attorney

(SEE PHOTOSTAT BOOK 44 O, PAGE 23, FOR COPY OF ITEMIZED STATEMENT OF EXPENDITURES IN ITS ENTIRETY)

IN RE: EXONERATION OF ERRONEOUS ASSESSMENTS ON REAL ESTATE BY THE WOOD COUNTY COMMISSION.

This day the Wood County Commission exonerated the following erroneous assessments on real estate:

Board of Education - Nash, Ticket No. 8074, City District - Property being 1.015-A Ann and Murdoch - Winans purchased 12/93. Due to a clerical error the described property was made taxable when it should have been tax exempt. Exonerate $600.12 for the full year.

Mid Ohio Valley Ballet Company, Ticket No. 8072, City District - Property described as New River Holdings, LLC 23270.02 Ref 183.34 TCT 1.015-A Murdoch Avenue. Due to a clerical error the described property was placed in Class 4 and was made taxable when it was in the name of The Board Of Education and should have been tax exempt. Exonerate $1,403.42 for the full years taxes.

IN RE: THE COUNTY COMMISSION WAS IN RECEIPT OF A CHECK IN THE AMOUNT OF $21,640.00 FROM THE STATE OF WV WHICH REPRESENTS REIMBURSEMENT IN REGARD TO THE COURT SECURITY GRANT NUMBER 97-CS-13.

O R D E R

On this date, the County Commission of Wood County was in receipt of a check in the amount of twenty-one thousand six hundred forty dollars and 00/100ths cents ($21,640.00) from the State of West Virginia which represents reimbursement to Wood County for expenses incurred during the months of October and November, 1997 in regard to the Court Security Grant Number 97-CS-13. Receipt of said check is pursuant to an Order appearing in Order Book 60, at Page 263 and bearing the date of December 8, 1997 at which time the Request for Reimbursement was signed by Holmes R. Shaver, President of the Wood County Commission.

All documentation pertaining to the said Court Security Grant is on file in the Office of the County Administrator.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/David A. Couch

LUBECK PUBLIC SERVICE DISTRICT

January 14, 1999
James E. Smith, Chairman
Charles H. Huffman, Secretary
Lee Johnson, Treasurer

ATTENDING: Jim Smith, Lee Johnson, Charles Huffman, Jake Smith, Jim Cox, Dave Steele

NO. OF CUSTOMERS:

Section		
1	Lake Washington Road	497
2	Lubeck	405
3	Riverhill - Blenn. Heights	382
4	DuPont Road	293
5	Larkmead Road	291
6	LMH - Homewood Road	228
7	Washington Bottom	352
8	New England Ridge	294
9	Lubeck South	314
10	Larkmead Area - Marrtown	280
11	Route 68 South - Hopewell	161
	Total Customers	3,497

TREASURER'S REPORT:

Revenue Fund - United National Bank	$196.98
Operations & Maintenance Fund - Wesbanco	$11,100.74
Security Deposits - One Valley Bank	$0.00
Operation & Maintenance Reserve - One Valley Bank	$1,887.66
Construction Reserve - One Valley Bank	$3,842.09
Water Reserve Fund - One Valley Bank	$30,666.03
Water Project Construction Fund - One Valley Bank	$34,378.22
Sewer Reserve Certificate of Deposit - United National Bank	$6,414.02
Sewer Project Construction Fund - United National Bank	$24,093.50
Sewer Operation & Maintenance Reserve - United National Bank	$1,168.14
Special Sewer Construction - Larkmead - United National Bank	$55.08
Revenue Fund - Wesbanco	$1,352.86
Hopewell Project Construction Account - United National Bank	$1,924.66
Hopewell Reserve Fund - United National Bank	$0.00
Sewer Reserve Fund - United National Bank	$3,844.57
Hopewell Savings (Tap Fees) - United National Bank	$21,318.25
Prudential Securities Sewer Fund	$0.00
Prudential Securities Water Fund	$52,459.91

Transfer From Revenue to Operation & Maintenace Checking	$2,000.00
Transfer From Revenue to Operation & Maintenace Checking	$29,000.00
Transfer From Revenue to Water Reserve Fund	$67,500.00
Transfer From Water Project Construction Fund to Revenue Fund	$0.00
Transfer From Revenue to Sewer Project Construction Fund	$0.00
Transfer From Revenue to Sewer Reserve Account	$0.00
	$0.00

The following transfers were made to cover payroll since the last Board meeting:

Transfer From Revenue to Operation & Maintenace Checking	$15,000.00
Transfer From Revenue to Operation & Maintenace Checking	$15,000.00
Transfer From Revenue to Operation & Maintenace Checking	$15,000.00

BUSINESS: Prayer by Charles Huffman.

FIRST ORDER OF BUSINESS:

A) Election of officers:

Moved by Lee Johnson, seconded by Charles Huffman that the officers remain the same for 1999 as 1998. That being Jim Smith - Chairman, Lee Johnson - Treasurer, Charles Huffman - Secretary. Passed unanimously.

SEWER PROJECT:

A) The District has received an engagement letter from Joseph M. Brown for services as our counsel for the litigation of condemnation work. Moved by Charles Huffman, seconded by Lee Johnson that Joseph M. Brown, Attorney be engaged to represent the Lubeck Public Service District in matters relating to the Sewer Condemnations. An engagement letter is authorized to be executed by the Chairman. Passed unanimously.

B) The District has received invoices from Burgess & Niple for work completed on the sewer project. They cover the periods August 16, 1998 through November 21, 1998 for the Eastern Shed - total spent to date - $463,953.15, final design of sewers and plant - through December 19, 1998 - 100% - $906,500, and November 22, 1998 through December 20, 1998 - engineering services for bidding - $44,927.92.

C) Jim Cox heard from Phil Melick at Jackson & Kelly in reference to the Meldahl House and the Division of History and Culture. They are satisfied that the District is not going to present a problem to the house.

D) The District needs to Sign the Loan Agreement from the West Virginia Department of Environmental Protection for an amount of $7,950,000. Moved by Lee Johnson, seconded by Charles Huffman that the Chairman be authorized to sign the loan agreement. Passed Unanimously.

E) The District has revised the plans to avoid problems with both the new highway and Mrs. Cutlip. Mrs. Cutlip has signed the revised easement. Jim has called the Public Service Commission to see if they have canceled the hearing that is scheduled for next week. He has yet to hear back.

F) The District needs to execute an easement to ourselves for the new sewer line through the property at Lubeck Hills. Moved by Charles Huffman, seconded by Lee Johnson that Jim Smith, Chairman be authorized to sign the easement. Passed unanimously.

G) Moved by Lee Johnson, seconded by Charles Huffman that the Board approve the institution of condemnation proceedings against the following for sewer easements: Weaver, William Cowan, Skidmore, and Best. Passed unanimously.

LMH-HOPEWELL PROJECT:

A) The District has placed the material list out for bid. This will open on January 25, 1999 at 12 noon. We have received one request so far for the plans. That is from Hughes Supply.

B) The District has had completed an income survey for the Wadesville area and is working on the final surveys of one for the Pleasant Hill area. My contact needs to get collected another 18 - 20 surveys to get the 90% required amount.

SEWER PLANT SAMPLING & PHYSICAL CONDITION:

A) Ron and John continue to work on maintenance of the plants and continue to use the Driamad unit for sludge removal. They have made repairs to a sewer main in Pahlhurst Plaza that was broken. They also worked on a plugged line in Somer Villa.

B) The District has received the final results from Jim Wright concerning the sewer plant operations for the fourth quarter of 1998. There were 0 violations.

DISCUSSION OF DISTRICT HAPPENINGS:

It was reported what Jake has been doing in the District:

A) Installed 3 water taps since the last Board meeting. There is 1 water tap to be installed. This gives us 78 water taps for 1998 calendar year.

B) Finished laying 60 feet of line and blow off on Woodyard Creek. Seeded and strawed some of the fields.

C) Worked in garage putting up heaters, etc.

D) Helped sewer department replace sewer main in Pahlhurst.

E) Repaired saddle leak on Blennerhassett Heights and also repaired a service line leak in Bickel Estate.

F) Flushed line and got it passed on Woodyard Creek.

G) Completed work orders, spotted lines, set meters.

It was reported what Rod and Bill have been working on:

A) December Water Pumped to System: 23,848,000 Gallons
Homewood Booster Station: 180,000 Gallons
New England Booster Station: 1,234,800 Gallons
High Water Usage and Day: 910,000 on 12/26
Low Water Usage and Day: 622,000 on 12/20

B) Have experienced 200,000 gallon in overflows.

GENERAL BUSINESS:

A) Approved previous Board meeting minutes.

B) Moved by Charles Huffman, seconded by Lee Johnson that the District enter into an agreement with Miller Communications to look at our existing communications systems at the water treatment plant and how it interfaces with all outside sites and give us some recommendations on improvements. It is anticipated that the cost for this will be about $5,000. Passed unanimously.

C) Approved bills and signed checks.

D) Meeting adjourned.

Lee Johnson APPROVED Miller E. Smith ATTESTED

LUBECK PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A

SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 B

SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999

BOND AND NOTE RESOLUTION

LUBECK PUBLIC SERVICE DISTRICT

**SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B, AND
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999**

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BOND AND NOTE RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING SEWERAGE SYSTEM OF THE LUBECK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF SEWERAGE SYSTEM REVENUE BONDS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES; AUTHORIZING THE ISSUANCE OF TWO SEPARATE SERIES OF SEWERAGE SYSTEM REVENUE BONDS OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF $9,950,000 AND THE ISSUANCE OF ONE OR MORE SERIES OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF $16,550,000, SUCH BONDS AND NOTES TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Resolution. This Resolution is enacted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter

31, Article 15A of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Resolution unless the context expressly requires otherwise.

"Act" shall mean collectively Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

"Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds and the Notes on behalf of the Program and the Infrastructure Council, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

"Board" means the public service board of the Issuer and shall include the membership of the board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

"Bond Act" means Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Resolution.

"Bond Construction Trust Fund" shall mean the fund created by Section 6.01 hereof.

"Bond Registrar" shall mean the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns for the purpose of authentication and registration of the Bonds.

"Bondholder" or "Owner of the Bonds" or "Registered Owners" or "Holder" or any similar term shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as hereinafter defined.

"Bonds" shall mean the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in Section 3.08 hereof, or, as appropriate, the certificate of authentication and registration on the Notes in substantially the form set forth in Section 4.05 hereof.

"Chairman" means the Chairman of the Board of the Issuer.

"Closing Date" shall mean the date upon which there is an exchange of the Bonds and Notes for all or a significant portion of the proceeds representing the purchase of the Bonds and Notes by the Authority.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" shall mean Burgess & Niple, Ltd., Consulting Engineers, Parkersburg, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Cost of Project" or "Costs" shall mean those costs described in Section 1.04(F) hereof to be a part of the cost of the acquisition and construction of the Project.

"Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DEP" shall mean West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds the function of the West Virginia Division of Environmental Protection.

"Depository Bank" shall mean a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of state municipal funds and insured by the FDIC, and designated as such in the Supplemental Resolution, and its successors and assigns.

"Event of Default" means any event or occurrence specified in Section 9.01 hereof.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions thereof.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

"Fund" shall mean the "West Virginia Water Pollution Control Revolving Fund" established by the State, administered by the DEP and funded by capitalization grants awarded to the State pursuant to the federal Clean Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of wastewater treatment facilities.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Gross Revenues" shall mean the aggregate gross operating and non-operating revenues of the System 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) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous services.

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the Issuer as independent accountants for the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Infrastructure Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"Infrastructure Council Act" means Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Resolution.

"Issuer" or "District" means Lubeck Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" or "Loan Agreements" shall mean, as appropriate, (a) the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the Issuer providing for the purchase of the Series 1999 A Bonds from the Issuer

by the Authority; (b) the loan agreement to be entered into between the Authority and the Issuer providing for the purchase of the Series 1999 B Bonds from the Issuer by the Authority; and/or (c) the loan agreement to be entered into between the Authority and the Issuer providing for the purchase of the Series 1999 Bond Anticipation Notes from the Issuer by the Authority.

"Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

"Notes" or "Series 1999 Notes" shall mean the $16,550,000 in aggregate principal amount of the Issuer's Series 1999 Bond Anticipation Notes, to be issued for the purpose of paying a portion of the Costs of the acquisition and construction of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

"Notes Registrar" shall mean the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns for the purpose of authentication and registration of the Notes.

"Operating Expenses" shall mean 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, DEP, the Infrastructure Council, fiscal agents, the Bond Registrar, the Notes Registrar and the Paying Agent (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; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the $9,950,000 in aggregate principal amount of the Issuer's Sewerage System Revenue Bonds, Series 1999 Aand Series 1999 B, to be issued for the purpose of paying a portion of the Costs of the acquisition and construction of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

"Outstanding" when used with reference to Bonds or Notes, as of any particular date, describes all such Bonds or Notes theretofore and thereupon having been authenticated and delivered except (i) any such Bond or Note canceled by the appropriate Registrar, at or prior to said date; (ii) any such Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond or Note, shall be in trust hereunder and set aside for such payment (whether upon or prior

to maturity); (iii) any such Bond or Note 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 or Noteholders, any such Bond or Note registered to the Issuer.

"Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Bonds.

"Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the Issuer and the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Obligations" shall mean the Issuer's 1992 Sewer Revenue Bonds in the approximate outstanding principal amount of $75,193.43; the outstanding Step I Design Loan of the Parkersburg Sanitary Board in the approximate outstanding principal amount of $10,544.41; and the Step II Design Loan of the Issuer in the approximate outstanding principal amount of $178,981.65

"Program" shall mean the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by the DEP.

"Project" shall mean the acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereto.

"PSC Order" means the Recommended Decision of the PSC in Case No. 98-0009-W-CN, which was entered by an Administrative Law Judge of the PSC on July 31, 1998, and which became the Final Order of the PSC on August 11, 1998, granting the Issuer a Certificate of Convenience and Necessity to construct the Project and approving the financing thereof.

"Qualified Investments" shall mean and include 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; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligation 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 Federal Deposit Insurance Corporation ("FDIC"), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner 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 "consolidated fund" (or any distinct portion thereof) managed by the West Virginia Investment Management Board pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

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

"Registrar" shall mean, as appropriate, the Bond Registrar, the Notes Registrar or both.

"Regulations" shall mean the regulations promulgated under the Code.

"Renewal and Replacement Fund" shall mean the fund created by Section 5.01(2) hereof.

"Reserve Accounts" shall mean the Reserve Accounts created by Section 5.02(1)(a) hereof, and when preceded by a designated series of Bonds, shall mean the individual Reserve Account created for such series of Bonds.

"Reserve Requirement" shall mean, with respect to a designated series of Original Bonds and as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on such series of the Bonds in the then current or any succeeding Fiscal Year.

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" shall mean the fund created by or continuted in Section 5.01(1) hereof.

"SRF Administrative Fee" shall mean any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Act" shall mean Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Resolution.

"SRF Loan Agreement" shall mean the Loan Agreement for the Series 1999 A Bonds.

"SRF Regulations" shall mean the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"Secretary" means the Secretary of the Board of the Issuer.

"Series 1999 Bond Anticipation Notes Payment Fund" shall mean the fund established by Section 4.09 hereof and created in Section 5.02(3) hereof on account of the Notes.

"Series 1999 A Bonds" or "Series A Bonds" shall mean the $7,950,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1999 A, to be purchased by the Authority on behalf of the Fund.

"Series 1999 B Bonds" or "Series B Bonds" shall mean the $2,000,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1999 B, to be purchased by the Authority on behalf of the Infrastructure Council.

"Series 1999 Notes Loan Agreement" shall mean the loan agreement between the Authority and the Issuer with respect to the Series 1999 Notes.

"Sinking Funds" shall mean the Sinking Funds created by Section 5.02 hereof, and when preceded by a designated series of Bonds, shall mean the individual Sinking Fund created for such series of Bonds.

"State" shall mean the State of West Virginia.

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

"Surplus Revenues" shall mean the net revenues not required by this Resolution to be set aside and held for the payment of or security for the Bonds, including the reserve accounts and the Renewal and Replacement Fund.

"System" shall mean the existing wastewater collection and treatment system, both within and without said Issuer, and shall include any extensions, additions, betterments and improvements thereto.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine gender include all other genders.

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 general accepted accounting principles.

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

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

Section 1.03. Resolution Constitutes Contract. In consideration of the acceptance of the Original Bonds and Notes and any other bonds or notes authorized to be

issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and Noteholders, and the covenants and agreements herein set forth to be performed by said Issuer shall be for the equal benefit, protection and security of the legal owners of any and all of such Bonds and Notes, all of which shall be of equal rank and without preference, priority or distinction between any one Bond or Note and any other Bond or Note by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Wood County of said State. The Issuer now owns and operates a public wastewater collection and treatment system furnishing service to residences, premises and businesses residing or located within the territory of the Issuer. However, the Issuer has experienced numerous environmental problems in connection with the operation of the various package wastewater treatment plants within its territory, most of which are in poor condition and in need of repair. In addition, many residences within the service territory of the Issuer are served only by private septic systems, many of which are not working well. The deficiencies in the package plants and private septic systems described above are causing extreme environmental damage and serious health concerns.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, generally consisting of the acquisition and construction of approximately forty miles of sanitary sewer collection lines and appurtances and a 1.5 million gallon per day wastewater treatment plant at an estimated cost of $26,500,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by DEP and are on file with the Issuer. The Project is generally described in Exhibit A attached hereto and incorporated by reference herein. The Project has an estimated useful life in excess of forty years.

C. The Issuer derives Net Revenues from the System. The Net Revenues are currently encumbered by two outstanding obligations. These obligations include the Issuer's 1992 Sewer Revenue Bonds in the approximate outstanding principal amount of $75,193.43; the outstanding Step I Design Loan of the Parkersburg Sanitary Board in the approximate outstanding principal amount of $10,544.41; and the Step II Design Loan of the Issuer in the approximate outstanding principal amount of $178,981.65 (collectively, the "Prior Obligations"). The Issuer deems it advisable and hereby authorizes the payment in full of the outstanding principal and interest, if any, of the Prior Obligations from the proceeds of the Series 1999 B Bonds. Other than the Prior Obligations, the Net Revenues of the System are not encumbered in any manner.

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project and to pay in full the Prior Obligations through

the issuance of its revenue bonds to the Authority. The Issuer intends to temporarily finance a portion of the costs of acquisition and construction of the Project through the issuance of bond anticipation notes to the Authority.

E. The estimated revenues to be derived in each year after the enactment of this Resolution from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on each series of Original Bonds of the Issuer and all sinking fund and other payments provided for in this Resolution.

F. It is deemed necessary for the Issuer to issue its Original Bonds in the aggregate principal amount of $9,950,000 to finance the costs of the acquisition and construction of the Project herein described through the Program and the Infrastructure Council and to finance the payment in full of the outstanding principal of and interest, if any, on the Prior Obligations. It is also deemed necessary for the Issuer to issue its Notes in the aggregate principal amount of not more than $16,550,000 to temporarily finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Original Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project, if any; engineering, fiscal and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority, DEP and the Infrastructure Council, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the 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 Original Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

G. The Infrastructure Council has approved the Project and has authorized the Authority to purchase bonds of the Issuer to permanently finance a portion of the Costs of the Project and to issue bond anticipation notes of the Issuer to temporarily finance a portion of the Costs of the Project. It is in the best interests of the Issuer that its Series 1999 A Bonds, Series 1999 B Bonds and Series 1999 Bond Anticipation Notes be sold to the Authority pursuant to the terms and provisions of the respective Loan Agreements.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds and Notes, or will have so complied prior to the issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the PSC by Final Order, the time for rehearing and appeal of which has expired.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications prepared by the Consulting Engineers, approved by DEP, the Infrastructure Council and the Issuer, and on file in the office of the Board; provided, however, that such plans and specifications, and the construction and acquisition of the Project in accordance therewith, are subject to the specific authorization by the Board pursuant to a Supplemental Resolution.

Prior to issuing the Original Bonds for the acquisition and construction of the Project, the Issuer must receive acceptable bids or enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Program and the Infrastructure Council.

Section 2.02. Authorization of Payment of Prior Obligations. There is hereby authorized the payment in full of the Prior Obligations from the proceeds of the issuance of the Series 1999 B Bonds authorized hereunder.

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ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purposes of funding the reserve accounts, paying costs of issuance, financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, paying in full the outstanding principal of and interest, if any, on the Prior Obligations, or any one or more of such items, there shall be issued the Original Bonds of the Issuer. The Original Bonds shall be issued in two series, with the first series to be designated "Sewerage System Revenue Bonds, Series 1999 A" and so on, in an aggregate principal amount of $9,950,000. Each series of Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding forty (40) years after the date of issuance, and in such amount or amounts as shall be set out in the respective Loan Agreements. The Originial Bonds shall bear no interest. The Series 1999 A Bonds shall be subject to the SRF Administrative Fee. The repayment of principal on the Original Bonds shall be as set forth on Schedule Y to the respective Loan Agreements. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Resolution and the Loan Agreements and as the Board shall prescribe by a supplemental or amendatory resolution hereto adopted in connection with the sale of such Original Bonds.

The Original Bonds shall be payable as to principal, at the principal 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.

Unless otherwise provided in the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreements and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in said Supplemental Resolution.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the Issuer by the Chairman and attested by the Secretary, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been 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 Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08, shall have been duly 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 Resolution. The Certificate of Authentication and Registration on any 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 3.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the 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 owner, in accepting any of said 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 owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

Bonds shall be transferable only upon the books of the Bond Registrar, by the registered Owner thereof in person or by the Owner's 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 the Owner's duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. 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 15 days 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.

Section 3.05. 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 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 Owner's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur and the Bond Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If 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 therefor.

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

Section 3.06. Bonds not to be Indebtedness of the Issuer. The 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 Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Original Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.08. Form of Original Bonds. The text of each series of Original Bonds shall be of substantially the following tenor, with such omissions, insertions and

variations as may be necessary and desirable and authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof.

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[FORM OF THE SERIES 1999 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

$_____

KNOW ALL MEN BY THESE PRESENTS: That LUBECK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision organized and existing under the laws 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 _____ ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ____, 200_, as set forth on the "Schedule of Debt Service" 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 SRF Administrative Fee (as defined in the hereinafter described Bond Resolution) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on Exhibit B attached hereto.

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 principal, 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 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 as otherwise provided by the Loan Agreement dated December 29, 1998, among the Authority, the DEP and the Issuer.

This Bond is issued to permanently finance a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing system of the Issuer (the "Project," and together with any further extensions, additions, betterments and improvements thereto, the "System") and to pay certain costs of issuance hereof 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 of the West Virginia Code of 1931, as amended (the

"Act"), a Resolution duly enacted by the Issuer on the ___ day of _____, 1999, and a Supplemental Resolution adopted by the Issuer on the ___ day of _____, 1999 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE ISSUER'S SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 B (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Series 1999 A Reserve Account created under the Resolution 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 which 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with the Bonds, payable from such revenues, provided however, that so long as there exists in the Series 1999 A Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of _____, _____, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided 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, shall be applied solely to the payment of the Costs of the Project described in the Resolution or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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 Resolution and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond, to the same extent as if written fully herein.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Bond to be dated the ___ day of _____, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

_____,
_____

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $		(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

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:

_____

[FORM OF THE SERIES 1999 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That LUBECK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision organized and existing under the laws 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"), on behalf of the West Virginia Infrastructure and Jobs Development Council, or registered assigns, the sum of _____ ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ____, 200_, as set forth on the "Schedule of Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B.

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 principal, 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 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 as otherwise provided by the Loan Agreement dated _____, 1999, between the Authority and the Issuer.

This Bond is issued to permanently finance a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing system of the Issuer (the "Project," and together with any further extensions, additions, betterments and improvements thereto, the "System"), to pay in full the outstanding principal of and interest, if any, on the Prior Obligations (as defined in the hereinafter defined Resolution) and to pay certain costs of issuance hereof 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 of the

West Virginia Code of 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the ___ day of _____, 1999, and a Supplemental Resolution adopted by the Issuer on the ___ day of _____, 1999 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE ISSUER'S SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Series 1999 B Reserve Account created under the Resolution 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 which 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with the Bonds, payable from such revenues, provided however, that so long as there exists in the Series 1999 B Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of _____, _____, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided 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, shall be applied solely to the payment of the Costs of the Project described in the Resolution or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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 Resolution and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond, to the same extent as if written fully herein.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Bond to be dated the ___ day of _____, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

_____,
_____

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $		(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

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 3.09. Sale of Original Bonds; Ratification and Execution of Loan Agreements. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. As a ratification of the resolution or resolutions of the Board authorizing execution of the Loan Agreements, the Chairman is specifically authorized and directed to execute the Loan Agreements and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority. The Loan Agreements are specifically incorporated into this Resolution.

Section 3.10. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the Issuer must obtain the certificate of the Consulting Engineers, in the form attached to the SRF Loan Agreement, to the effect that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, as the case may be, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of the acquisition and construction of the Project. Prior to the issuance of the Original Bonds, the Issuer will provide to the Infrastructure Council such certificates of the Consulting Engineers as the Infrastructure Council shall require.

Section 3.11. Amended Schedule A Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority its schedule, in substantially the form of "Amended Schedule A" to the SRF Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

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ARTICLE IV

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BOND ANTICIPATION NOTES

Section 4.01. Authorization and Terms of Notes. In order to pay certain Costs of the Project pending receipt of proceeds from the issuance of additional sewerage system revenue bonds for the System or proceeds of additional grants (other than Infrastructure Council grants) received for the System, there shall be issued the Notes of the Issuer. The Notes shall be issued in one series, designated "Bond Anticipation Notes, Series 1999," in the aggregate principal amount of $16,550,000, and numbered R-1. The Notes shall be dated as of the date of delivery thereof, shall mature at such time and in such amount or amounts as shall be set forth in the Series 1999 Notes Loan Agreement and the Supplemental Resolution. The Notes shall bear no interest. The repayment of principal on the Notes shall be as set forth on Schedule Y to the Series 1999 Notes Loan Agreement and the Supplemental Resolution. The Notes shall contain such other terms, provisions, conditions and limitations, all as provided by this Resolution and the Series 1999 Notes Loan Agreement and as the Board may prescribe by a supplementary or amendatory resolution hereto in connection with the sale of the Notes.

The Notes shall be payable as to principal at the principal office of the Paying Agent, in any coin or currency which, on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America.

Unless otherwise provided in the Supplemental Resolution, the Notes shall be issued in the form of a single note, fully registered to the Authority, with a record of advances attached, all as provided in the Series 1999 Note Loan Agreement and said Supplemental Resolution. The Notes shall be exchangeable at the option and expense of the Bondholder for other fully registered Notes in aggregate principal amount equal to the amount of said Notes then Outstanding, with a maturity corresponding to the dates of maturity of the Notes; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Section 4.02. Execution of Notes. The Notes shall be executed in the name of the Issuer by the Chairman and attested by the Secretary, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed the Notes shall cease to be such officer of the Issuer before the Notes so signed and sealed have been sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. The Notes may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of the Notes, shall hold the proper office in the Issuer, although at the date of the Notes such person may not have held such office or may not have been so authorized.

Section 4.03. Authentication and Registration. No Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Note, substantially in the form set forth in Section 4.08, shall have been duly manually executed by the Notes Registrar. Any such executed Certificate of Authentication and Registration upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Notes Registrar if manually signed by an authorized officer of the Notes Registrar.

Section 4.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Notes 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 owner, in accepting any of said Notes shall be conclusively deemed to have agreed that such Notes 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 owner shall further be conclusively deemed to have agreed that said Notes shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Notes.

So long as the Notes remain Outstanding, the Issuer, through the Notes Registrar, shall keep and maintain books for the registration and transfer of the Notes.

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

In all cases in which the privilege of exchanging the Notes or transferring the Notes is exercised, the Notes shall be delivered in accordance with the provisions of this Resolution. All Notes surrendered in any such exchanges or transfers shall forthwith be canceled by the Notes Registrar. For every such exchange or transfer of Bonds, the Notes 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 Note upon each exchange or transfer, and any other expenses of the Notes Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer.

Section 4.05. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Note in exchange and substitution for such mutilated Note, upon surrender and cancellation of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, and upon the Owner's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur and the Notes Registrar shall authenticate the new Note. All Notes so surrendered shall be

canceled by the Notes Registrar and held for the account of the Issuer. If such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and, if such Note be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Notes issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Notes be at any time found by anyone, and such duplicate Notes shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment Notes with any other Notes issued hereunder.

Section 4.06. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest, if any, solely from proceeds of any additional sewerage system revenue bonds or refunding revenue bonds of the Issuer which may be issued for the Project, any additional grants (other than Infrastructure Council grants) which the Issuer may receive for the Project and any additional bond anticipation notes which the Issuer may issue from time to time upon maturity of the Notes. If, on the fortieth anniversary of the date of issuance of the Notes, the Issuer has not (i) issued any additional sewerage system revenue bonds, refunding revenue bonds, or bond anticipation notes pursuant to the terms of this Resolution or (ii) received any additional grants (other than Infrastructure Council grants) for the Project, then the Infrastructure Council shall instruct the Authority to convert the outstanding principal amount of the Note or Notes then Outstanding to a grant and to cancel the Note or Notes then Outstanding; provided, that in no event shall an amount of the principal amount of the Notes greater than $8,600,000 be converted to a grant.

The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holder of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as may be set forth in the Supplemental Resolution.

Section 4.07. Covenants of Resolution Applicable to Notes. All covenants and restrictions contained in the Resolution, where appropriate and to the extent required by the Infrastructure Council, the Authority or the Series 1999 Notes Loan Agreement, are recognized and agreed by the Issuer to be applicable to the Notes.

Section 4.08. Form of Notes. The text of the Notes shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof.

[FORM OF THE BOND ANTICIPATION NOTE, SERIES 1999]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM
BOND ANTICIPATION NOTE, SERIES 1999
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That LUBECK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision organized and existing under the laws 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") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council"), or registered assigns, the principal sum of _____ ($_____), or such lesser amount as shall have been advanced hereunder and not previously repaid, as set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in annual installments of One Hundred Dollars ($100) on the 1st day of _____ of each year beginning _____, 200_, with the entire outstanding principal sum payable in full on the ___ day of _____, 200_. Notwithstanding the foregoing, if the Program (as defined in the hereinafter-defined Resolution) is amended prior to the maturity date of the Notes to permit the Authority and the DEP to authorize and make loans under the Program for terms in excess of twenty years, the Authority, acting on behalf of the Infrastructure Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of the Notes to be due and payable prior to maturity.

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 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 under the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated __ ___, 1999, between the Issuer and the Authority, on behalf of the Infrastructure Council.

This Note is issued to temporarily finance a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing system of the Issuer (the "Project," and together with any further extensions, additions, betterments and improvements thereto, the "System") and to pay certain costs of issuance hereof and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the ___ day of _____, 1999, and a Supplemental Resolution adopted by the Issuer on the ___ day of _____, 1999 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof.

This Note is payable solely from proceeds of any additional sewerage system revenue bonds or refunding revenue bonds of the Issuer which may be issued for the Project, any additional grants (other than Infrastructure Council grants) which the Issuer may receive for the Project and any additional bond anticipation notes which the Issuer may issue upon maturity of the Note. Money from these sources shall be deposited in the Series 1999 Notes Payment Fund established under the Resolution for the prompt payment of the principal of this Note. If, on the fortieth anniversary of the date of issuance of the Notes, the Issuer has not (i) issued any additional sewerage system revenue bonds, refunding revenue bonds, or bond anticipation notes pursuant to the terms of the Resolution or (ii) received any additional grants (other than Infrastructure Council grants) for the Project, then the Infrastructure Council shall instruct the Authority to convert the outstanding principal amount of the Note or Notes then Outstanding to a grant and to cancel the Note or Notes then Outstanding; provided, that in no event shall an amount of the principal amount of the Notes greater than $8,600,000 be converted to a grant.

This Note 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 thereon except from the sources set forth above. Pursuant to the Resolution, the Issuer has entered into certain covenants with the Authority, acting on behalf of the Infrastructure Council, for the terms of which reference is made to the Resolution.

This Note is transferable, as provided in the Resolution, only upon the books of _____, _____, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or its attorney duly 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 provided 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, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project 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 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 in the issuance of this Note have existed, 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.

[This space intentionally left blank]

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Note to be dated the ___ day of _____, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

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.

_____,
_____

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $		(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

Total $_____

[Form of Assignment]

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:

_____

Section 4.09. Application of Notes Proceeds. The moneys derived from the sale of the Notes shall be deposited with the Depository Bank in the Series 1999 Bond and Note Construction Trust Fund and applied solely to the payment of the costs of the Project and the costs of issuance and related costs.

Section 4.10. Establishment of Series 1999 Bond Anticipation Notes Payment Fund. There is hereby created and established with the Commission, to be held by the Commission separate and apart from all other funds or accounts of the Commission and from all other funds or accounts of the Issuer, the Series 1999 Bond Anticipation Notes Payment Fund. Upon receipt of proceeds of any grants (other than an Infrastructure Council grants) for the System, any sewerage system revenue bonds or revenue refunding bonds of the Issuer, or any additional bond anticipation notes which the Issuer may issue upon maturity of the Notes pursuant to Section 4.11 hereof, an amount of the proceeds of such grants, revenue bonds or additional bond anticipation notes sufficient to pay all or a portion of the entire outstanding principal of the Notes shall be deposited in the Series 1999 Bond Anticipation Notes Payment Fund. All moneys so deposited in the Series 1999 Bond Anticipation Notes Payment Fund shall be paid by the Commission to the Authority on the maturity date of the Notes, if such moneys have been so deposited prior to the maturity date of the Notes, or on an earlier date if so requested by the Authority on behalf of the Infrastructure Council and if so directed by the Issuer, in full or partial payment of the outstanding principal of the Notes. All moneys deposited in the Series 1999 Bond Anticipation Notes Payment Fund shall be held in trust for the Authority on behalf of the Infrastructure Council, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the Notes in full and the charges, if any, of the Paying Agent.

Any moneys remaining in the Series 1999 Bond Anticipation Notes Payment Fund, after the payment of the Notes in full and all charges of the Paying Agent, shall be used as directed in writing by the Authority and the Infrastructure Council.

Section 4.11. Conversion of Notes to Permanent Financing and/or Additional Bond Anticipation Notes.

A. In the event proceeds of any grants (other than Infrastructure Council grants) for the Project, any sewerage system revenue bonds or revenue refunding bonds of the Issuer or any other obligations of the Issuer issued subsequent to the issuance of the Notes are not sufficient or available on a timely basis to pay the Notes in full by the maturity date of the Notes, the Issuer covenants and agrees to issue and sell its revenue bonds and/or additional bond anticipation notes in an amount sufficient to pay the Notes in full pursuant to the requirements of this Section 4.11.

B. The Issuer covenants that no later than twelve months prior to the maturity date of the Notes, the Issuer will retain an Independent Certified Public Accountant to prepare a report (the "Customer Growth Report") setting forth the following information:

(i) the amount of additional Net Revenues of the System attributable to the annual customer growth experienced by the System during the period between the date of issuance of the Notes and the date of the report, taking into account any rebates required to be repaid to new customers for construction advances pursuant to applicable PSC regulations;

(ii) the existing maximum annual debt service requirements of all bonds, notes, and other obligations then Outstanding payable from the Net Revenues of the System, taking into account the periodic payments required to be made into the various sinking fund, reserve account, renewal and replacement fund payments required by this Resolution on account of the Bonds and by any other resolution authorizing the issuance of such bonds, notes and other obligations;

(iii) the increases in operation and maintenance expenses experienced by the System during the period between the date of issuance of the Notes and the date of the report, and the additional increases in operation and maintenance expenses that are expected to be experienced by the System as a result of future customer growth, the effects of inflation, or otherwise;

(iv) the rate coverage requirements established by Section 7.04 of this Resolution and any more stringent rate coverage requirements established in any resolution adopted after this Resolution authorizing the issuance of other bonds, notes or other obligations of the Issuer then Outstanding;

(v) the then-current rates and charges of the Issuer;

(vi) the sources of permanent financing potentially available to the Issuer during the succeeding six months, including, for each such source, the applicable principal amount available to be loaned to the Issuer, the applicable interest rate, the existence and amount of any administrative or similar fee to be imposed by the lender, and the term of the loan; and

(vii) whether, considering the factors stated in subdivisions (ii), (iii), (iv) and (v) above and the terms of the available sources of permanent financing stated in subdivision (vi) above, the additional Net Revenues of the System attributable to the annual customer growth experienced by the System stated in subdivision (i) are sufficient to permit the Issuer to issue additional revenue bonds payable from the Net Revenues of the System to repay all or a portion of the Outstanding principal amount of the Notes and, if so, the principal amount of such additional revenue bonds that could be so issued.

No later than twelve months prior to the maturity date of the Notes, the Issuer will contact all available governmental funding sources to secure the information required to be set forth in subdivision (vi) above.

C. The Issuer will provide the Customer Growth Report to the Authority and the Infrastructure Council no later than ten and one-half months prior to the maturity date of the Notes. Based on its review of the Customer Growth Report, the Infrastructure Council will recommend that the Issuer take one or both of the following actions:

(i) that the Issuer issue additional revenue bonds, notes or other obligations of the System and that the proceeds of such additional revenue bonds, notes or other obligations be deposited in the Series 1999 Bond Anticipation Notes Payment Fund prior to the maturity date of the Notes to be applied to the payment of all or a portion of the Outstanding principal amount of the Notes; or

(ii) to the extent that the proceeds of such additional revenue bonds, notes or other obligations be deposited in the Series 1999 Bond Anticipation Notes Payment Fund will be sufficient to repay only a portion of the Outstanding principal amount of the Notes, that on the maturity date of the notes, the Issuer issue an additional bond anticipation note or notes to the Authority on behalf of the Infrastructure Council, containing such terms as the Authority and the Infrastructure Council may request, with an aggregate principal amount equal to the principal amount of the Notes not paid in full on the maturity date of the Notes.

D. Upon receipt of the Infrastructure Council's recommendations offered in response to the Customer Growth Report, the Issuer will take such actions as are necessary and convenient to implement the recommendations of the Infrastructure Council, including the adoption of a bond and/or note resolution, the issuance of additional revenue bonds, notes or other obligations payable from the Net Revenues of the System or the issuance of additional bond anticipation notes or both in principal amounts sufficient to convert all of the Outstanding principal amount of the Notes to permanent financing or additional bond anticipation notes.

E. Notwithstanding any other provision of this Resolution, if the Program is amended prior to the maturity date of the Notes to permit the Authority and the DEP to authorize and make loans under the Program for terms in excess of twenty years, the Authority, acting on behalf of the Infrastructure Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of the Notes to be due and payable prior to maturity.

Section 4.12. Prohibition of Other Debt. So long as the Notes are outstanding, no bonds, notes or other evidences of indebtedness secured by the System or the proceeds of any grants, revenue bonds or bond anticipation notes for the System, shall be issued by the Issuer other than pursuant to Section 4.11 hereof without the prior written consent of the Authority and the Infrastructure Council.

Section 4.13. Investment of Funds. Pending application as provided above, any moneys held in the Series 1999 Bond and Note Construction Trust Fund on account of the proceeds of the Notes and in the Series 1999 Bond Anticipation Notes Payment Fund shall

be invested and reinvested by the Depository Bank or the Commission, as applicable, at the direction of the Issuer to the fullest extent possible under applicable laws, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once a year (or more often if 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 Notes are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Notes from gross income for federal income tax purposes.

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ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Continuation of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or, if established by a resolution prior to this resolution, continued hereby) and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Series 1999 Bond and Note Construction Trust Fund (with a separate subaccount to be established for each series of Original Bonds and for the Notes).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1999 A Bonds Sinking Fund;

(a) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account;

(2) Series 1999 B Bonds Sinking Fund;

(a) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account; and

(3) Series 1999 Notes Payment 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 Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

(1) The Issuer shall, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month (i) commencing 4 months prior to the first date of payment of interest, if any, on the respective series of Bonds for which interest has not been capitalized, apportion and set apart out of the

Revenue Fund and remit to the Commission, for deposit in the respective Sinking Funds, a sum equal to 1/3rd of the amount of interest which will become due on the respective series of Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the respective Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal on the respective series of Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the respective Sinking Funds, a sum equal to 1/3rd of the amount of principal which will mature and become due on the respective series of 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 respective Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date. When additional series of Original Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 5.03A(2) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(3) The Issuer shall next transfer from the Revenue Fund and pay to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of each respective series of Bonds, if not fully funded upon issuance of such series of Bonds, for deposit in the respective Reserve Account, an amount equal to 1/120 of the respective Reserve Requirement; provided, that no further payments shall be made into the respective Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the respective Reserve Requirement. When additional series of Original Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 5.03A(3) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund 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 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 the 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 Renewal and Replacement Fund.

Moneys in the respective Sinking Funds shall be used only for the purposes of paying principal of and interest on the respective series of Bonds as the same shall become due. Moneys in the Reserve Account in the respective Sinking Funds shall be used only for the purpose of paying principal of or interest on the respective series of Bonds, as the same shall come due, when other moneys in the respective Sinking Fund are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on moneys in the respective Reserve Accounts shall be transferred, not less than once each year, to the respective Bond Construction Trust Funds prior to completion of the Project and thereafter, pro rata, to the respective Sinking Funds.

Any withdrawals from the Reserve Accounts which result in a reduction in the balance of any Reserve Account to an amount below the applicable Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Funds for payment of debt service on the Bonds have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirement.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

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

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective series of Bonds and any additional Bonds ranking on a parity with them that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due.

Simultaneously with the deposits made to the Commission pursuant to Section 5.03A(2) and (3) the Issuer shall remit to the Commission the SRF Administrative Fee.

The Issuer shall complete the "monthly payment form," which form is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month.

E. The moneys in excess of the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund 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.

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.

Section 5.04. Excess Bond and Note Proceeds. Upon completion of construction of the Project, as certified by the Consulting Engineers, and after all costs have been paid, any remaining proceeds of the Series 1999 A Bonds shall be used as directed in writing by the Authority and the DEP and any remaining proceeds of the Series 1999 B Bonds or the Notes shall be used as directed in writing by the Authority and the Infrastructure Council.

ARTICLE VI

APPLICATION OF ORIGINAL BOND AND NOTE PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Original Bond and Note Proceeds. From the moneys received from time to time from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bonds, there shall be deposited with the Commission in the respective Reserve Accounts the sums, if any, set forth in the Supplemental Resolution for funding of said Reserve Accounts.

B. The remaining moneys derived from the sale of the Original Bonds and the Notes shall be deposited by the Issuer, as received from time to time, in the Bond and Note Construction Trust Fund hereinafter established.

C. There is hereby created and established with the Depository Bank a special fund, designated the "Series 1999 Bond and Note Construction Trust Fund," with a separate subaccount to be established for each series of Original Bonds and for the Notes. The Depository Bank shall act as a trustee and fiduciary for the Bondholders and Noteholders with respect to the Bond and Note Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond and Note Construction Trust Fund set forth in this Resolution. Moneys in the Bond and Note Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond and Note Construction Trust Fund.

A. With respect to the proceeds of the Series 1999 A Bonds, on or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1999 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule.

Except as provided in Section 6.01 hereof, disbursements from the Bond and Note Construction Trust Fund from proceeds of the Series 1999 A Bonds (except for the cost of issuance of the Series 1999 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the SRF Loan Agreement, and

(2) a certificate, signed by the Chairman and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursements theretofore made;

(B) That 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) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

B. With respect to the proceeds of the Series 1999 B Bonds and the Notes, on or before the Closing Date, the Issuer shall have delivered to the Infrastructure Council a report listing the specific purposes for which the proceeds of the Series 1999 B will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule.

With respect to the proceeds of the Series 1999 B Bonds and the Notes, each month the Issuer shall provide the Infrastructure Council with a requisition for costs incurred for the Project with such documentation as the Infrastructure Council shall from time to time require. Upon receipt of the proceeds from the Authority, the Issuer shall deposit the proceeds in the Bond and Note Construction Trust Fund and pay any approved costs. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond and Note Construction Trust Fund (except for the cost of issuance of the Series 1999 B Bonds or the Notes, which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the Infrastructure Council, of a certificate, signed by the Chairman and the Consulting Engineers, stating that:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursements theretofore made;

(B) That 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) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

C. In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond and Note Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond and Note Construction Trust Fund 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 Bond and Note Construction Trust Fund. 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, moneys in the Bond and Note Construction Trust Fund, including any subaccounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bonds or the Notes. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the owners of the Bonds and the Notes 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 said Bonds or Notes, or the interest, if any, thereon, is Outstanding and unpaid.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. The Bonds and Notes 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 Resolution. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith, equally and ratably, by a first lien on the Net Revenues derived from the operation of the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and for the other purposes provided in the Resolution.

Section 7.04. Rates. Prior to issuance of the Original Bonds and the Notes, equitable rates or charges for the use of and service rendered by the System will be established 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 reductions 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 reasonable expenses of operation, repair and maintenance of the System, including any reserves required by the PSC Order or any supplemental or amendments thereto, and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment

of principal of and interest on the Bonds; provided that, in the event that amounts at least equal to or in excess of the respective Reserve Requirements are on deposit in the respective Reserve Accounts, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures, for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof, from the revenues of said System, in the manner provided in the Resolution.

Upon completion of the Project, the Issuer shall file with the Authority a schedule, in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds and Notes Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the appropriate Sinking Funds for the Bonds and the Series 1999 Notes Payment Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal and any interest, if any, at maturity of Bonds and Notes about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds and Notes. Any balance remaining after the redemption or payment of all the Bonds and Notes and the 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. The Board may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), or authorize such sale, lease or other disposition of such property, upon public bidding, if the amount to be received therefor is in excess of ten thousand dollars ($10,000) but not in excess of fifty thousand dollars ($50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of $10,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit, or a pro rata basis, in the respective Sinking Funds for

the Bonds and the Series 1999 Notes Payment Fund, and shall be applied only (i) to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds and (ii) to the payment prior to maturity of the Notes. Such payments of such proceeds into the respective Sinking Funds, the Series 1999 Notes Payment Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars ($50,000) and be insufficient to pay or redeem, prior to maturity, all the Bonds and Notes then Outstanding, without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds and Notes then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then owners of the Bonds and Notes, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 hereof, 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 Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the Issuer 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 and source of and security for payment from such revenues and in all other respects to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Renewal and Replacement Fund, at the time of the issuance of such subordinate obligations, have been made and are current.

In addition to the provisions and limitations stated in the preceding paragraph, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System so long as any portion of principal amount of the Notes or any additional bond anticipation notes issued for the purpose of renewing a portion of the original principal amount of the Notes is outstanding, unless the Issuer has secured the prior written consent of the Infrastructure Council and the Authority. The limitations imposed by the preceding sentence shall apply equally (i) in the case all or any portion of the aggregate principal amount of the Bonds is Outstanding and the obligations sought to be issued would rank prior to, equally, or junior and subordinate to such Outstanding Bonds as to lien on and source and security for payment with such Bonds; or (ii) in the case the aggregate principal amount of the Bonds has been paid in full or defeased pursuant to Section 10.01 hereof.

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, except with respect to said pari passu additional Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution or upon the System or any part thereof.

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

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided and with the prior written consent of DEP, the Infrastructure Council and the Authority.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of bonds or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) Each series of Original 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 three (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 any increase in rates enacted by the Issuer, the time for appeal of which shall have expired

prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (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 Consulting Engineers and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

All the covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Original Bonds and the owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources 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 created in this Resolution required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 Bonds.

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

Section 7.09. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage

by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, the Infrastructure Council and the DEP, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreements, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer shall also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority, the Infrastructure Council and DEP and as set forth in the Loan Agreements, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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.

Section 7.10. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority, the Infrastructure Council and the DEP 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. Such resident engineer shall certify to the Authority, the DEP and the Issuer, 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. The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a Performance Certificate, the form of which is attached as Exhibit A to the SRF Loan Agreement and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project

is 90% completed. The Issuer agrees that it will, at all times, provide operation and maintenance of the System to comply with any and all State and federal standards. The Issuer agrees that qualified operating personnel, properly certified by the State, will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the SRF Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

The Issuer agrees that qualified operating personnel, properly certified by the State, will be retained to operate the System during the entire terms of the Loan Agreements.

Section 7.11. Compliance With Loan Agreements, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreements and to comply with all applicable laws, rules and regulations issued by the Authority, the Infrastructure Council, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Infrastructure Council with copies of all documents submitted to the Authority.

Section 7.12. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature, by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (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. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off both the

water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. 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, the Infrastructure Council, and the DEP, 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, the Infrastructure Council, and the DEP 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 Agreements or Grant Receipts or other sources of financing for the Project.

The Issuer shall permit the Authority, the Infrastructure Council and the DEP, 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 owner of a Bond or Bonds issued pursuant to the Resolution 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 currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Board shall direct.

The Issuer shall file with the Consulting Engineers and the Authority, the Infrastructure Council and DEP, and shall mail in each year to any owner or owners of 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 Resolution with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations Outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants in compliance with the applicable OMB Circular, or any successors thereto, and the Single Audit Act, or any successors thereto, and shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Resolution, and shall submit said report to the Authority, the Infrastructure Council and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreements and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report and forward a copy by the 10th of each month to the Authority, the Infrastructure Council and the DEP.

The Issuer shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the SRF Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Issuer's construction schedule.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the SRF Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority, the Infrastructure Council or the DEP, 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, the Infrastructure Council and the DEP, 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, the Infrastructure Council and the DEP with respect to the System pursuant to the Act.

Section 7.16. Operating Budget. 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, the Infrastructure Council and the DEP within thirty days of the 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 Board 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 to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Mandatory Connection. The mandatory use of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Bureau of Public Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the PSC shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Bureau of Public Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer

and a public nuisance, which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.20. Covenant to Amend Resolution. The Issuer retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Resolution as the Issuer deems necessary prior to the issuance of the Bonds to meet the requirements of the Authority and the Infrastructure Council.

Section 7.21. Compensation of the Issuer. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Board of the Issuer 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 a default in the performance of or compliance with any covenants or provision hereof.

Section 7.22. Securities Law 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).

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, 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 Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Except as specifically provided herein, 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, including but not limited to those in the Bond and Note Construction Trust Fund, and used for the purpose of such fund or account. 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 Owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, 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. Such 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.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Authority and the Infrastructure Council.

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 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any series of Original Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Resolution, any supplemental Resolution, or in such 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 any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such 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 Resolution 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 such 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 such Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Resolution with respect to such Bonds, or the rights of such registered Owners.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer under the Resolution and the Act, including 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Resolution other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder shall, in addition to all other remedies or rights, have the right, by appropriate

legal proceedings, to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Resolution and the Act.

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

Whenever all that is due upon the Bonds issued pursuant to the Resolution and interest thereon and under any covenants of the Resolution 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 Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Resolution 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, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

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 Owners of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of Net Revenues and any other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All 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 agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments and interest due and to become due on said Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Commission, 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. Modification or Amendment. No material modification or amendment of this Resolution or of any resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders or Noteholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds or Notes then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Note or the rates of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, as provided in this Resolution without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds or Notes required for consent to the above permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 11.03. Table of Contents and Headings. The Table of Contents and the 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 11.04. Repeal of Conflicting Resolutions. All resolutions, resolutions and orders, or parts thereof, in conflict with this Resolution are, to the extent of such conflict, repealed.

Section 11.05. Covenant of Due Procedure. 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 final enactment and passage 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, the Secretary and members of the Board 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 11.06. Effective Date. This Resolution shall take effect immediately upon its adoption.

LUBECK PUBLIC SERVICE DISTRICT

[SEAL]

Chairman, Public Service Board

Secretary, Public Service Board

Treasurer, Public Service Board

CHASFS3:137494-2

CERTIFICATION

Certified as a true copy of the Resolution adopted by the Public Service Board of Lubeck Public Service District.

Secretary, Public Service Board

[SEAL]

EXHIBIT A

Project Description

The Project consists of the construction of additions, betterments and improvements to the existing wastewater collection system of the Lubeck Public Service District and the construction of a new wastewater treatment facility. These improvements are intended to offer service to approximately 1,200 additional customers. It is expected that 15 existing wastewater treatment facilities will be eliminated as a result of the Project.

The proposed wastewater collection system improvements include construction of approximately 65,200 linear feet of six inch gravity sewers; 116,600 linear feet of eight inch gravity sewers; 6,900 linear feet of ten inch gravity sewers; 9,100 linear feet of 12 inch gravity sewers; 3,000 linear feet of 15 inch gravity sewers; 1,100 linear feet of 16 inch gravity sewers; 11,400 linear feet of 24 inch gravity sewers; 3,000 linear feet of 27 inch gravity sewers; and 3,600 linear feet of 30 inch gravity sewers. Collection system improvements also include approximately 912 manholes, three wastewater pumping stations, 2,800 linear feet of four inch force main, 14,600 linear feet of 16 inch force main, and 2,700 linear feet of 18 inch force main.

The proposed wastewater treatment plant is designed for an average flow of 1.5 million gallons per day (MGD). The treatment facility consists of a mechanical bar screen, grit removal, two 700,000 gallon oxidation ditches, two 251,000 gallon clarifiers, ultraviolet light disinfection, a 270,000 gallon aerobic digester, a belt filter press, an effluent flow meter, and other necessary appurtenances.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE LUBECK PUBLIC SERVICE DISTRICT SEWERAGE REVENUE BONDS, SERIES 1999 A AND SERIES 1999 B, AND THE LUBECK PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS AND NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK FOR THE BONDS AND NOTES; MAKING PROVISIONS FOR THE PAYMENT OF THE BONDS AND NOTES; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND NOTES.

WHEREAS, the Public Service Board (the "Board") of Lubeck Public Service District (the "District"), has duly and officially adopted a Bond and Note Resolution on February 25, 1999 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING SEWERAGE SYSTEM OF THE LUBECK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF SEWERAGE SYSTEM REVENUE BONDS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES; AUTHORIZING THE ISSUANCE OF TWO SEPARATE SERIES OF SEWERAGE SYSTEM REVENUE BONDS OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF $9,950,000 AND THE ISSUANCE OF ONE OR MORE SERIES OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF $16,550,000, SUCH BONDS AND NOTES TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING

EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the Resolution provides for the issuance of the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A and Series 1999 B (the "Bonds"), in the aggregate principal amount of $9,500,000, and the issuance of the Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999 (the "Notes"), and has authorized the execution and delivery of loan agreements relating to the Bonds and Notes, including all amendments and supplements (collectively, the "Loan Agreements"), by and among the District and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Division of Environmental Protection ("DEP") and the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2, and Chapter 31, Article 15A, of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, in the Resolution it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds and Notes should be established by a supplemental resolution pertaining to the Bonds and Notes; and that other matters relating to the Bonds and Notes be herein provided for;

WHEREAS, the Board deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds and Notes be fixed hereby in the manner stated herein, and that other matters relating to the Bonds and Notes be herein provided for; and

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF LUBECK PUBLIC SERVICE DISTRICT AS FOLLOWS:

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

(A) Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A, of the District, originally represented by a single Bond, numbered AR-1, in the principal amount of $7,950,000 (the "Series 1999 A Bonds"). The Series 1999 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2021, and shall bear no interest. The principal on the Series 1999 A Bonds is payable quarterly on March 1, June

1, September 1 and December 1 of each year, commencing June 1, 2001. The Series 1999 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, upon payment of the redemption premium, if any, and upon continued compliance with the SRF Loan Agreement, so long as the Authority shall be the registered owner of the Series 1999 A Bonds, and shall be payable in installments of principal in the amounts as set forth in "Schedule Y," attached thereto and incorporated herein by reference. The District shall pay the 1% SRF Administrative Fee as provided in the SRF Loan Agreement.

(B) Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B, of the District, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,000,000 (the "Series 1999 B Bonds"). The Series 1999 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2039, and shall bear no interest. The principal on the Series 1999 B Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001. The Series 1999 B Bonds shall be subject to redemption upon the written consent of the Authority and the Infrastructure Council, upon payment of the redemption premium, if any, and upon continued compliance with the applicable Loan Agreement, so long as the Authority shall be the registered owner of the Series 1999 B Bonds, and shall be payable in installments of principal in the amounts as set forth in "Schedule Y," attached thereto and incorporated herein by reference.

(C) Lubeck Public Service District Sewerage System Bond Anticipation Notes, the Series 1999, of the District, originally represented by a single Note, numbered R-1, in the principal amount of $16,550,000 (the "Notes"). The Notes shall be dated the day of delivery thereof, shall be payable in annual installments of $100.00 ($100.00) on the first day of June of each year beginning June 1, 2001, with the entire outstanding principal sum payable in full on the 1st day of March, 2006. The Notes shall bear no interest.

Section 2. The Bonds and Notes shall each be issued as a fully registered Bond or Note, both as to principal and interest, if any, and shall be registered to the Authority.

Section 3. All other provisions relating to the Bonds and Notes and the text of the Bonds and Notes shall be in substantially the form provided in the Resolution.

Section 4. The District does hereby ratify the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Chairman of the Loan Agreements, and the performance of the obligations contained therein, on behalf of the District are hereby authorized, directed, ratified and approved. The District hereby affirms all covenants and representations made in the Loan Agreements and in the Applications to the DEP, the Council and the Authority. The price of the Bonds and Notes shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time as requisitioned by the District.

Section 5. The District does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds

and Notes and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds and Notes, by and between the District and the Registrar, in substantially the form attached hereto. The execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein on behalf of the District, are hereby authorized, approved and directed.

Section 6. The District does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds and Notes.

Section 7. The District does hereby appoint One Valley Bank, National Association, Lubeck Branch, Lubeck, West Virginia, as Depository Bank under the Resolution.

Section 8. The District has established with the Depository Bank a Reserve Account for each series of Bonds pursuant to the Resolution. The Reserve Accounts will be funded with equal payments on a monthly basis, in accordance with and pursuant to the schedule set forth in Section 5.03 of the Resolution, until such Reserve Accounts hold an amount equal to the maximum amount of principal and interest which will mature and become due on each series of Bonds in the then current or any succeeding year. Moneys in the Reserve Accounts and the Sinking Funds (established for the annual payment of principal and interest, if any) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

Section 9. The proceeds of the Bonds and Notes, as advanced from time to time, shall be deposited in or credited to the Series 1999 Bond and Note Construction Trust Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and Notes.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds and Notes hereby and by the Resolution approved and provided for, to the end that the Bonds and Notes may be delivered on or about March 9, 1999, to the Authority pursuant to the Loan Agreements.

Section 11. The financing of the Project in part with proceeds of the Bonds and Notes is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 12. The District hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the District hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing

by the District. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The District hereby approves the costs of issuance and authorizes the payment of the same.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: February 25, 1999

LUBECK PUBLIC SERVICE DISTRICT

Chairman, Public Service Board

Secretary, Public Service Board

Treasurer, Public Service Board

[SEAL]

Secretary

CHASFS3:139860

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of Lubeck Public Service District.

Secretary, Public Service Board

[SEAL]

CHASFS3:139860

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

EXCERPT OF MINUTES

I, Charles H. Huffman, Secretary of the Public Service District (the "Board") of Lubeck Public Service District (the "District"), hereby certify that the following is a true and correct excerpt of the minutes of the meeting of the Board held on February 25, 1999.

The Board met at its regular meeting, pursuant to notice duly given, published and posted, on the 25th day of February, 1999, at the offices of the District in Washington, West Virginia, at 7:00 p.m., prevailing time.

The Chairman announced that a quorum of members was present.

Present: James E. Smith, Chairman
Charles H. Huffman, Secretary and Member
Lee Johnson, Treasurer

Also present was Samme L. Gee, Esq. of Jackson & Kelly PLLC, Bond Counsel.

James E. Smith, Chairman, presided and Charles H. Huffman served 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, Ms. Gee presented a Resolution, in writing, entitled:

RESOLUTION AMENDING ARTICLE IV, SECTION III OF THE RULES OF PROCEDURE OF LUBECK PUBLIC SERVICE DISTRICT ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND

NEWS MEDIA; AND PROVIDING WHEN THIS AMENDATORY RESOLUTION SHALL TAKE EFFECT.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Johnson, seconded by Mr. Huffman, it was unanimously ordered that said Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon, Ms. Gee presented a Bond Resolution, in writing, entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING SEWERAGE SYSTEM OF THE LUBECK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF SEWERAGE SYSTEM REVENUE BONDS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES; AUTHORIZING THE ISSUANCE OF TWO SEPARATE SERIES OF SEWERAGE SYSTEM REVENUE BONDS OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF $9,950,000 AND THE ISSUANCE OF ONE OR MORE SERIES OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF $16,550,000, SUCH BONDS AND NOTES TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Huffman, seconded by Mr. Johnson, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date thereof.

Ms. Gee then presented a Supplemental Resolution, in writing, entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE LUBECK PUBLIC SERVICE DISTRICT SEWERAGE REVENUE BONDS, SERIES 1999 A AND SERIES 1999 B, AND THE LUBECK PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS AND NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK FOR THE BONDS AND NOTES; MAKING PROVISIONS FOR THE PAYMENT OF THE BONDS AND NOTES; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND NOTES.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Johnson, seconded by Mr. Huffman, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date thereof.

I hereby certify that the foregoing action of said Board remains in full force and effect and has not been amended or appealed.

WITNESS my signature on this 9th day of March, 1999.

[SEAL]

Charles H. Huffman
Secretary, Lubeck Public Service District

CHASFS3:140050

LUBECK PUBLIC SERVICE DISTRICT
POST OFFICE BOX 700
WASHINGTON, WEST VIRGINIA 26181
PHONE: (304) 863-3341
FAX: (304) 863-3791

FEBRUARY 18, 1999

PLEASE ANNOUNCE THAT THE REGULAR BOARD MEETING OF THE LUBECK PUBLIC SERVICE DISTRICT WILL BE THURSDAY FEBRUARY 25, 1999 AT 7 PM AT THE OFFICE LOCATED NEXT TO WALNUT GROVE SUBDIVISION, WASHINGTON BOTTOM.

THANK YOU.

JIM COX
MANAGER

**********PUBLIC NOTICE - NOT A LEGAL ADD**********

SRF-LP-1
(August 1998)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

LUBECK PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program:

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of

wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to construct, operate and improve a wastewater treatment project and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for a Loan with attachments and exhibits and an Amended Application for a 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, 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 Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Local Government 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 Local Government 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 Local Government, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, at 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 DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Local Government 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.

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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 Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government 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 Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP 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 resident engineer shall certify to the Authority, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Local Government, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward the Form to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Government 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;

(d) The Local Government 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 financing of construction, the Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government 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, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountants for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP 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 and DEP, including the SRF Regulations, 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 Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government 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, DEP and the Local Government. 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 set forth in Exhibit E hereto.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The

Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document 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 in an amount equal to an amount at least 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 Local Government 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 the net revenues from the System;

(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 established for the payment of debt service on the Local Bonds is funded (whether by Local Bond proceeds, monthly deposits or otherwise) 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 Local Government will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other deposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government 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 written consent of the Authority and DEP; 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 Local Government 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 Local Government will not render any free services of the System;

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Local Government 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 and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government 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 DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Government's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Local Government 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 DEP 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, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government 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 for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the Local Government 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 West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Local Government 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 and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project; and

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider.

The Local Government 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 Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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, as set forth in the Local Act and in compliance with the provisions of Subsection 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 minimum sums set forth in the Local Act, the Local Government 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, 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 Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by local governments in the terms and covenants of loan agreements, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have

recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP 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 DEP 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 DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the SRF Regulations or this Loan Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for 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.

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

ARTICLE VII

Miscellaneous

7.1 Schedule 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 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.

7.3 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.

7.4 No waiver by any 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.

7.5 This Loan Agreement merges and 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.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the amount of the Loan made by the Authority and DEP as set forth in (iii) above is not terminated due to such non-funding on any balance on the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default under the Loan Agreement.

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
[Proper Name of Local Government]

(SEAL)

By: James E. Smith
Its: Chairman

Attest:

Date: 1/14/99

Charles H. Huffman
Its Secretary

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Barbara S. Taylor
Its: Chief

Date: 1/26/99

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Director

Attest:

Date: December 29, 1998

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]
[Name of Local Government]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this __ day of ____, ____.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19___, effective _____, 19___, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated _____, 19___.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors 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 by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the ____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) 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 irrevocably committed therefor, are sufficient to pay the costs of construction and

acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19___.

_____

By _____

West Virginia License No. __

[SEAL]

EXHIBIT E

SPECIAL CONDITIONS

A. The recipient agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The loan recipient that receives $300,000 or more in a fiscal year must obtain audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 or any appropriate successor. Financial statement audits are required once all funds have been received by the loan recipient.

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development
Authority
180 Association Drive
Charleston WV 25311-1571

Re: [Name of bond issue]

Dear Sirs:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Local Government] on _____, __.

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Fund: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston WV 25311-1571

Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, 19_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable _____ 1, ____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19_, at the respective rate or rates and with principal payable in installments on ____ 1 in each of the years, all as follows:

Year	Installment	Interest Rate

The Local Bonds are issued for the purpose of _____ and 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 enacted by the Local Government on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that 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 Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

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

3. The Local Government is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Government has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. 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 are valid and legally enforceable special obligations of the Local Government, payable from the net revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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 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,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$ 7,950,000
Purchase Price of Bonds	$ 7,950,000

Interest on the Bonds shall be zero percent from the date of delivery ~~to and including~~ ----------. Principal ~~and interest~~ on the Bonds is payable quarterly, commencing June 1, 2001, at a rate of 0 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has [other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds] or [provide list of outstanding debt]. (See attached schedule) None.

The Local Government shall submit its payments monthly to the West Virginia Municipal Bond Commission with instructions that the West Virginia Municipal Bond Commission will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the Bond Commission in writing by the Authority. If the Reserve Fund is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Bond Commission. The Local Government shall instruct the Bond Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal ~~and interest~~ and such Bonds shall grant the Authority a first lien on the net revenues of the Local Government's system.

The Local Government may prepay the Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Lubeck Public Service District, West Virginia

SRF Loan C-544072

$7,950,000; 20 Years; 0% Interest Rate; 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/1999	-	-	-
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	99,375.00	-	99,375.00
9/01/2001	99,375.00	-	99,375.00
12/01/2001	99,375.00	-	99,375.00
3/01/2002	99,375.00	-	99,375.00
6/01/2002	99,375.00	-	99,375.00
9/01/2002	99,375.00	-	99,375.00
12/01/2002	99,375.00	-	99,375.00
3/01/2003	99,375.00	-	99,375.00
6/01/2003	99,375.00	-	99,375.00
9/01/2003	99,375.00	-	99,375.00
12/01/2003	99,375.00	-	99,375.00
3/01/2004	99,375.00	-	99,375.00
6/01/2004	99,375.00	-	99,375.00
9/01/2004	99,375.00	-	99,375.00
12/01/2004	99,375.00	-	99,375.00
3/01/2005	99,375.00	-	99,375.00
6/01/2005	99,375.00	-	99,375.00
9/01/2005	99,375.00	-	99,375.00
12/01/2005	99,375.00	-	99,375.00
3/01/2006	99,375.00	-	99,375.00
6/01/2006	99,375.00	-	99,375.00
9/01/2006	99,375.00	-	99,375.00
12/01/2006	99,375.00	-	99,375.00
3/01/2007	99,375.00	-	99,375.00
6/01/2007	99,375.00	-	99,375.00
9/01/2007	99,375.00	-	99,375.00
12/01/2007	99,375.00	-	99,375.00
3/01/2008	99,375.00	-	99,375.00
6/01/2008	99,375.00	-	99,375.00
9/01/2008	99,375.00	-	99,375.00
12/01/2008	99,375.00	-	99,375.00
3/01/2009	99,375.00	-	99,375.00
6/01/2009	99,375.00	-	99,375.00
9/01/2009	99,375.00	-	99,375.00
12/01/2009	99,375.00	-	99,375.00
3/01/2010	99,375.00	-	99,375.00
6/01/2010	99,375.00	-	99,375.00
9/01/2010	99,375.00	-	99,375.00

Lubeck Public Service District, West Virginia

SRF Loan C-544072

$7,950,000; 20 Years; 0% Interest Rate; 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2010	99,375.00	-	99,375.00
3/01/2011	99,375.00	-	99,375.00
6/01/2011	99,375.00	-	99,375.00
9/01/2011	99,375.00	-	99,375.00
12/01/2011	99,375.00	-	99,375.00
3/01/2012	99,375.00	-	99,375.00
6/01/2012	99,375.00	-	99,375.00
9/01/2012	99,375.00	-	99,375.00
12/01/2012	99,375.00	-	99,375.00
3/01/2013	99,375.00	-	99,375.00
6/01/2013	99,375.00	-	99,375.00
9/01/2013	99,375.00	-	99,375.00
12/01/2013	99,375.00	-	99,375.00
3/01/2014	99,375.00	-	99,375.00
6/01/2014	99,375.00	-	99,375.00
9/01/2014	99,375.00	-	99,375.00
12/01/2014	99,375.00	-	99,375.00
3/01/2015	99,375.00	-	99,375.00
6/01/2015	99,375.00	-	99,375.00
9/01/2015	99,375.00	-	99,375.00
12/01/2015	99,375.00	-	99,375.00
3/01/2016	99,375.00	-	99,375.00
6/01/2016	99,375.00	-	99,375.00
9/01/2016	99,375.00	-	99,375.00
12/01/2016	99,375.00	-	99,375.00
3/01/2017	99,375.00	-	99,375.00
6/01/2017	99,375.00	-	99,375.00
9/01/2017	99,375.00	-	99,375.00
12/01/2017	99,375.00	-	99,375.00
3/01/2018	99,375.00	-	99,375.00
6/01/2018	99,375.00	-	99,375.00
9/01/2018	99,375.00	-	99,375.00
12/01/2018	99,375.00	-	99,375.00
3/01/2019	99,375.00	-	99,375.00
6/01/2019	99,375.00	-	99,375.00
9/01/2019	99,375.00	-	99,375.00
12/01/2019	99,375.00	-	99,375.00
3/01/2020	99,375.00	-	99,375.00
6/01/2020	99,375.00	-	99,375.00
9/01/2020	99,375.00	-	99,375.00
12/01/2020	99,375.00	-	99,375.00
3/01/2021	99,375.00	-	99,375.00
Total	**7,950,000.00**	**-**	**7,950,000.00 ***

*Plus $10,061.72 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $804,937.60.

IC/WDA-1
(July 1996)

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
(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 construct, operate and improve a project, as defined by the Act, and to finance the cost of constructing or acquiring 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," "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 Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and 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 Division 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 of 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 its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and

all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident 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 resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained 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 construction of the Project and for two years following the completion 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 15th 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, 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 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 financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

(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 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 shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(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 water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

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 Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, 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 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. The revenues generated from the operation of the System will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document 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, if any (the "Reserve Account"), was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to an amount at least 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 the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(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, if any, established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least 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") 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 will 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, based upon the rates, Operating Expenses and customer usage on the date of closing, 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; 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 any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

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

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

(xiii) That 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;

(xiv) That the proceeds of the Local Bonds 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 for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency 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, unless it qualifies for an exception to the provisions of Section 148 of the Code, 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 Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, 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;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) To the extent applicable, that the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, 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;

(xx) 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 Code) from time to time as the Authority may request; and

(xxi) 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. 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.

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 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 of first payment 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 State's general obligation 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, as 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 minimum sums set forth in the Local Act, 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, 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 in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of 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 prior written notice of the issuance by it of any other obligations to be used for 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.

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency 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.

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority 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.

7.9 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 Division 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.

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)

By: _____
Chairman

Attest:

_____
Secretary

Date: March 9, 1999

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

_____
Secretary-Treasurer

Date: March 9, 1999

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 that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in ___ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19__, effective ___, 19__, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19__.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors 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 by my firm for accuracy, (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia [Division of Environmental Protection][Bureau for Public Health]; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) 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 irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this __ day of ____, 19_.

_____

By: _____

West Virginia License No. _____

[SEAL]

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
c/o West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the "GovernmentalAgency"),a_____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning _____, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of _____ and 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 enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. 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 are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. [If required, 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 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]

Fiscal Year - __

Report Month: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1.	Gross Revenues Collected				
2.	Operation and Maintenance Expense				
3.	Other Bond Debt Payments (including Reserve Fund deposits)				
4.	Bond Payments (include Reserve Fund deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this __ day of ____, 19_.

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$2,000,000
Purchase Price of Bonds	$2,000,000

Principal on the Bonds is payable quarterly, commencing June 1, 2001 to and including March 1, 2039. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a parity with the Governmental Agency's Sewerage System Revenue Bonds, Series 1999 A issued simultaneously herewith.

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal only and such Bonds shall grant the Authority a first parity lien on the net revenues of the Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency must obtain the prior written consent of the Authority and Council before any proposed debt on a parity with the Bonds can be issued by the Governmental Agency. The Governmental Agency's request must be received by the Authority and the Council at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	13,158.00	-	13,158.00
9/01/2001	13,158.00	-	13,158.00
12/01/2001	13,158.00	-	13,158.00
3/01/2002	13,158.00	-	13,158.00
6/01/2002	13,158.00	-	13,158.00
9/01/2002	13,158.00	-	13,158.00
12/01/2002	13,158.00	-	13,158.00
3/01/2003	13,158.00	-	13,158.00
6/01/2003	13,158.00	-	13,158.00
9/01/2003	13,158.00	-	13,158.00
12/01/2003	13,158.00	-	13,158.00
3/01/2004	13,158.00	-	13,158.00
6/01/2004	13,158.00	-	13,158.00
9/01/2004	13,158.00	-	13,158.00
12/01/2004	13,158.00	-	13,158.00
3/01/2005	13,158.00	-	13,158.00
6/01/2005	13,158.00	-	13,158.00
9/01/2005	13,158.00	-	13,158.00
12/01/2005	13,158.00	-	13,158.00
3/01/2006	13,158.00	-	13,158.00
6/01/2006	13,158.00	-	13,158.00
9/01/2006	13,158.00	-	13,158.00
12/01/2006	13,158.00	-	13,158.00
3/01/2007	13,158.00	-	13,158.00
6/01/2007	13,158.00	-	13,158.00
9/01/2007	13,158.00	-	13,158.00
12/01/2007	13,158.00	-	13,158.00
3/01/2008	13,158.00	-	13,158.00
6/01/2008	13,158.00	-	13,158.00
9/01/2008	13,158.00	-	13,158.00
12/01/2008	13,158.00	-	13,158.00
3/01/2009	13,158.00	-	13,158.00
6/01/2009	13,158.00	-	13,158.00
9/01/2009	13,158.00	-	13,158.00
12/01/2009	13,158.00	-	13,158.00
3/01/2010	13,158.00	-	13,158.00
6/01/2010	13,158.00	-	13,158.00
9/01/2010	13,158.00	-	13,158.00
12/01/2010	13,158.00	-	13,158.00

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	13,158.00	-	13,158.00
6/01/2011	13,158.00	-	13,158.00
9/01/2011	13,158.00	-	13,158.00
12/01/2011	13,158.00	-	13,158.00
3/01/2012	13,158.00	-	13,158.00
6/01/2012	13,158.00	-	13,158.00
9/01/2012	13,158.00	-	13,158.00
12/01/2012	13,158.00	-	13,158.00
3/01/2013	13,158.00	-	13,158.00
6/01/2013	13,158.00	-	13,158.00
9/01/2013	13,158.00	-	13,158.00
12/01/2013	13,158.00	-	13,158.00
3/01/2014	13,158.00	-	13,158.00
6/01/2014	13,158.00	-	13,158.00
9/01/2014	13,158.00	-	13,158.00
12/01/2014	13,158.00	-	13,158.00
3/01/2015	13,158.00	-	13,158.00
6/01/2015	13,158.00	-	13,158.00
9/01/2015	13,158.00	-	13,158.00
12/01/2015	13,158.00	-	13,158.00
3/01/2016	13,158.00	-	13,158.00
6/01/2016	13,158.00	-	13,158.00
9/01/2016	13,158.00	-	13,158.00
12/01/2016	13,158.00	-	13,158.00
3/01/2017	13,158.00	-	13,158.00
6/01/2017	13,158.00	-	13,158.00
9/01/2017	13,158.00	-	13,158.00
12/01/2017	13,158.00	-	13,158.00
3/01/2018	13,158.00	-	13,158.00
6/01/2018	13,158.00	-	13,158.00
9/01/2018	13,158.00	-	13,158.00
12/01/2018	13,158.00	-	13,158.00
3/01/2019	13,158.00	-	13,158.00
6/01/2019	13,158.00	-	13,158.00
9/01/2019	13,158.00	-	13,158.00
12/01/2019	13,158.00	-	13,158.00
3/01/2020	13,158.00	-	13,158.00
6/01/2020	13,158.00	-	13,158.00
9/01/2020	13,158.00	-	13,158.00
12/01/2020	13,158.00	-	13,158.00
3/01/2021	13,158.00	-	13,158.00
6/01/2021	13,158.00	-	13,158.00
9/01/2021	13,158.00	-	13,158.00
12/01/2021	13,158.00	-	13,158.00
3/01/2022	13,158.00	-	13,158.00
6/01/2022	13,158.00	-	13,158.00
9/01/2022	13,158.00	-	13,158.00

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2022	13,158.00	-	13,158.00
3/01/2023	13,158.00	-	13,158.00
6/01/2023	13,158.00	-	13,158.00
9/01/2023	13,158.00	-	13,158.00
12/01/2023	13,158.00	-	13,158.00
3/01/2024	13,158.00	-	13,158.00
6/01/2024	13,158.00	-	13,158.00
9/01/2024	13,158.00	-	13,158.00
12/01/2024	13,158.00	-	13,158.00
3/01/2025	13,158.00	-	13,158.00
6/01/2025	13,158.00	-	13,158.00
9/01/2025	13,158.00	-	13,158.00
12/01/2025	13,158.00	-	13,158.00
3/01/2026	13,158.00	-	13,158.00
6/01/2026	13,158.00	-	13,158.00
9/01/2026	13,158.00	-	13,158.00
12/01/2026	13,158.00	-	13,158.00
3/01/2027	13,158.00	-	13,158.00
6/01/2027	13,158.00	-	13,158.00
9/01/2027	13,158.00	-	13,158.00
12/01/2027	13,158.00	-	13,158.00
3/01/2028	13,158.00	-	13,158.00
6/01/2028	13,158.00	-	13,158.00
9/01/2028	13,158.00	-	13,158.00
12/01/2028	13,158.00	-	13,158.00
3/01/2029	13,158.00	-	13,158.00
6/01/2029	13,158.00	-	13,158.00
9/01/2029	13,158.00	-	13,158.00
12/01/2029	13,158.00	-	13,158.00
3/01/2030	13,158.00	-	13,158.00
6/01/2030	13,158.00	-	13,158.00
9/01/2030	13,158.00	-	13,158.00
12/01/2030	13,158.00	-	13,158.00
3/01/2031	13,158.00	-	13,158.00
6/01/2031	13,158.00	-	13,158.00
9/01/2031	13,158.00	-	13,158.00
12/01/2031	13,158.00	-	13,158.00
3/01/2032	13,158.00	-	13,158.00
6/01/2032	13,158.00	-	13,158.00
9/01/2032	13,158.00	-	13,158.00
12/01/2032	13,158.00	-	13,158.00
3/01/2033	13,158.00	-	13,158.00
6/01/2033	13,158.00	-	13,158.00
9/01/2033	13,158.00	-	13,158.00
12/01/2033	13,158.00	-	13,158.00
3/01/2034	13,158.00	-	13,158.00
6/01/2034	13,158.00	-	13,158.00

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2034	13,158.00	-	13,158.00
12/01/2034	13,158.00	-	13,158.00
3/01/2035	13,158.00	-	13,158.00
6/01/2035	13,157.00	-	13,157.00
9/01/2035	13,157.00	-	13,157.00
12/01/2035	13,157.00	-	13,157.00
3/01/2036	13,157.00	-	13,157.00
6/01/2036	13,157.00	-	13,157.00
9/01/2036	13,157.00	-	13,157.00
12/01/2036	13,157.00	-	13,157.00
3/01/2037	13,157.00	-	13,157.00
6/01/2037	13,157.00	-	13,157.00
9/01/2037	13,157.00	-	13,157.00
12/01/2037	13,157.00	-	13,157.00
3/01/2038	13,157.00	-	13,157.00
6/01/2038	13,157.00	-	13,157.00
9/01/2038	13,157.00	-	13,157.00
12/01/2038	13,157.00	-	13,157.00
3/01/2039	13,157.00	-	13,157.00
Total	**2,000,000.00**	-	**2,000,000.00**

YIELD STATISTICS

Bond Year Dollars	$42,205.28
Average Life	21.103 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.63E-10
Bond Yield for Arbitrage Purposes	2.63E-10
All Inclusive Cost (AIC)	2.63E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	21.103 Years

IC/WDA-1
(July 1996)

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
(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 construct, operate and improve a project, as defined by the Act, and to finance the cost of constructing or acquiring 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," "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 Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and 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 Division 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 of 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 its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and

all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident 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 resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained 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 construction of the Project and for two years following the completion 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 15th 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, 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 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 financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

(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 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 shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(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 water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

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 Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, 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 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. The revenues generated from the operation of the System will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document 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, if any (the "Reserve Account"), was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to an amount at least 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 the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(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, if any, established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least 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") 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 will 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, based upon the rates, Operating Expenses and customer usage on the date of closing, 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; 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 any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

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

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

(xiii) That 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;

(xiv) That the proceeds of the Local Bonds 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 for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency 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, unless it qualifies for an exception to the provisions of Section 148 of the Code, 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 Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, 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;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) To the extent applicable, that the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, 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;

(xx) 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 Code) from time to time as the Authority may request; and

(xxi) 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. 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.

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 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 of first payment 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 State's general obligation 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, as 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 minimum sums set forth in the Local Act, 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, 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 in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of 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 prior written notice of the issuance by it of any other obligations to be used for 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.

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency 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.

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority 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.

7.9 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 Division 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.

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)

By: _____
Chairman

Attest:

_____
Secretary

Date: March 9, 1999

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

_____
Secretary-Treasurer

Date: March 9, 1999

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 that my firm is engineer for the acquisition and construction of _____ to the _____ _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in ___ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19_, effective ___, 19_, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19_.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors 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 by my firm for accuracy, (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia [Division of Environmental Protection][Bureau for Public Health]; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) 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 irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this __ day of ____, 19_.

_____

By: _____

West Virginia License No. _____

[SEAL]

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
c/o West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the "GovernmentalAgency"),a_____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning _____, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of _____ and 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 enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. 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 are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. [If required, 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 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]

Fiscal Year - __

Report Month: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1.	Gross Revenues Collected				
2.	Operation and Maintenance Expense				
3.	Other Bond Debt Payments (including Reserve Fund deposits)				
4.	Bond Payments (include Reserve Fund deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this __ day of ____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$16,550,000
Purchase Price of Bonds	$16,550,000

Principal on the Bonds shall be payable in annual installments of $100 on June 1 of each year beginning June 1, 2001, with the entire outstanding principal sum payable in full on March 1, 2006. There is no interest on the Bonds. The Bonds shall not be issued on a parity with the Governmental Agency's Sewerage System Revenue Bonds, Series 1999 A and Series 1999 B, but will be secured as noted below.

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and are payable solely from proceeds of any additional sewerage system revenue bonds or refunding revenue bonds of the Governmental Agency which may be issued for the Project, any additional grants (other than Infrastructure Council grants) which the Governmental Agency may receive for the Project and any additional bond anticipation notes which the Governmental Agency may issue upon maturity of the Bond. Money from these sources shall be deposited in the Series 1999 Notes Payment Fund established under the Resolution for the prompt payment of the principal of this Bond.

If, on the fortieth anniversary of the date of issuance of the Bonds, the Governmental Agency has not (i) issued any additional sewerage system revenue bonds, refunding revenue bonds, or bond anticipation notes pursuant to the terms of the Resolution or (ii) received any additional grants (other than Infrastructure Council grants) for the Project, then the Council shall instruct the Authority to convert the outstanding principal amount of the Bond or Bonds then Outstanding to a grant and to cancel the Bond or Bonds then Outstanding; provided, that in no event shall an amount of the principal amount of the Bonds greater than $8,600,000 be converted to a grant.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. So long as any portion of the principal amount of the Bonds or any additional bond anticipation notes issued for the purpose of renewing a portion of the original principal amount of the Bonds is outstanding, the Governmental Agency shall request approval from the Authority and the Council in writing of any proposed debt which will be issued by the Governmental Agency which request must be received at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Lubeck Public Service District

$16,550,000 0 % Interest 7 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
06/01/2001	100	-	100
06/01/2002	100	-	100
06/01/2003	100	-	100
06/01/2004	100	-	100
06/01/2005	100	-	100
03/01/2006	16,549,500	-	16,549,500
Total	16,550,000	-	16,550,000

SCHEDULE Z

Lubeck Public Service District

Modifications and Additional Comments

1. For the purposes of the Loan Agreement, the word "bond" or "bonds" shall include bond anticipation notes and the terms "Local Bonds" or "Bonds" shall mean the Governmental Agency's Sewerage System Bond Anticipation Notes, Series 1999.

2. The requirements of Section 4.1(a)(ii) are waived by the Council and the Authority.

3. The security, coverage and reserve fund requirements of Section 4.1(b)(i) and (ii) are waived by the Council and the Authority; the security for the Local Bonds shall be as required on Schedule X.

4. The requirements of Section 4.1(b)(v) for the issuance of other obligations are waived by the Council and the Authority; the issuance of other obligations payable from the revenues of the System shall be as required on Schedule X and as set forth in Section 7.07 of the Resolution.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304)558-4609

Susan J. Riggs, Esquire
Executive Secretary

April 9, 1997

James Smith, Chairman
Lubeck Public Service District
P.O. Box 700
Washington, WV 26181-0700

Re: Wastewater System Extension Project 96S-275

Dear Mr. Smith:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Lubeck Public Service District's (District) preliminary application for its proposed project to construct a new wastewater treatment plant and extend the existing collection system (Project), and has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. Please carefully review the enclosed comments of the Sewer Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application and the District's financing proposal, the Council recommends the District pursue a loan of approximately $250,000 from the State Revolving Fund (SRF) administered by the West Virginia Division of Environmental Protection (DEP). Please contact DEP at 558-0641 for specific information on the steps the District needs to follow to apply for the loan. The District may also be eligible for an Infrastructure Fund loan of approximately $17,456,731. The loan would be for a term of 40 years, with repayment as follows: payment of principal and interest on approximately $250,000 of the loan would be deferred during the first 20 years or until the SRF loan has been repaid, whichever occurs first; and payment of principal and interest on $17,206,731 would begin with the quarter after completion of construction. In addition, the District may be eligible for an Infrastructure Fund loan of approximately $6,986,731 which would be in the form of bond anticipation notes, the specific terms and conditions of which will be determined by the Council at a later date. The Council's final decision is being deferred

pending final determination of the Project's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from these funding agencies.**

Please immediately notify the Council once the Project design is complete and the District is ready to submit the Project for regulatory approvals. Upon such notification, the Council will review the District's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued. Such determination will be based in part upon the District's readiness to proceed with the Project.

If you have any questions regarding this matter, please contact Susan J. Riggs at (304) 558-4607.

Sincerely,

Russell L. Isaacs

RLI/bjh
Enclosure
cc: J. Michael Johnson, P.E.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
8-11-98
By Commission Order

Entered: July 31, 1998

CASE NO. 98-0009-W-CN

LUBECK PUBLIC SERVICE DISTRICT,
Application for a certificate of convenience and necessity to construct forty (40) miles of sanitary sewer lines and appurtenances in addition to a 1.5 MGD (Million gallons per day) wastewater treatment plant.

RECOMMENDED DECISION

On February 25, 1998, the Lubeck Public Service District (District) filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to construct a new water treatment facility and forty miles of sanitary sewer lines.

On March 2, 1998, the Commission directed the District to publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Wood County. On March 4, 1998, the Commission directed the District to publish the Revised Notice of Filing. On March 5, 1998, the Commission directed the District to publish a Further Revised Notice of Filing. The Further Revised Notice of Filing provided that, if no substantial protests were filed within thirty (30) days, the Commission may waive formal hearing and grant the certificate, based upon its review of the evidence submitted with the application. On March 20, 1998, the District filed the appropriate affidavits of publication.

On March 9, 1998, the Commission entered the Commission Referral Order in this proceeding. The Commission established a decision due date of on or before October 1, 1998.

By Procedural Order of March 20, 1998, the matter was set for hearing on May 29, 1998.

On April 16, 1998, the Commission received a protest to the application filed by Lee H. Sylvester.

By Procedural Order of April 22, 1998, the District was ordered to publish notice of the hearing. On May 13, 1998, the District filed a publication affidavit indicating appropriate publication.

The hearing was held as scheduled. John Philip Melick, Esquire, appeared on behalf of the District. James V. Kelsh, Esquire, appeared on behalf of the Staff. Numerous individuals appeared at hearing to offer public comment.

On July 29, 1998, the District submitted a copy of the DEP approval of the project. The DEP approval was issued on July 6, 1998.

PUBLIC COMMENT

A. K. Wilson lives in Melrose Addition. (Tr. 5). When he built his home twenty-eight years ago, he was told that there would be sewer service within two years but he is still waiting. (Tr. 5). Mr. Wilson strongly supports the project. (Tr. 5). He realizes that his lawn will be torn up and that he might lose a tree or two but all of those sorts of problems can be fixed. (Tr. 5). The need for public sewer is far greater than any concern over his yard. (Tr. 5).

William McMahon lives at the end of Robin Lane in Lubeck. (Tr. 5). Mr. McMahon was informed that the sewer line would be in front of his home within 200 feet of his property and that he would be required to hook up. (Tr. 6). Mr. McMahon does not believe that he can afford to hook up to the system because of the dirt and rocks that are in front of his home. (Tr. 6). Mr. McMahon understands that the District later intends to install a line behind his home in order to hook up additional customers. (Tr. 6). He believes that it would be better to allow him to wait for the later line which will run behind his home. (Tr. 6). He is also concerned with the requirement that he hook to the system. (Tr. 6).

Gary Bibbee lives in an area with a lot of elderly residents on fixed incomes. (Tr. 7). He is concerned about the high cost of the project. (Tr. 7). Mr. Bibbee indicated that most individuals would have to pay several thousand dollars for new septic systems if they ever tried to sell their property, so maybe it would be better to have public sewer service. (Tr. 7). Currently Mr. Bibbee's sewage runs right out on his neighbor's property. (Tr. 8).

Clem Dower was concerned with the timing of the hearing. (Tr. 10). He believed that an evening hearing would have been beneficial. (Tr. 10). It was explained to Mr. Dower that no request for an evening hearing had been made in this case.

Lee Sylvester indicated that the project was proposed to cost $12,000,000 in 1992 and now it is estimated to cost $30,000,000. (Tr. 13) Mr. Sylvester believes that the costs were driven up by trying to take in too many outlying subdivisions such as Westwood. (Tr. 13). He advocated eliminating some of the areas to be served in order to reduce costs. (Tr. 13). Mr. Sylvester supports the project and believes that it is desperately needed but believes it is too expensive as proposed. (Tr. 13). Mr. Sylvester indicated that the new bill will be $111.64 for 8,400 gallons. (Tr. 13). Mr. Sylvester currently has a septic system which is in poor

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Actually, the bill for 8,400 gallons under the rates agreed to by Staff and the District would be $73.67. It should also be

condition. (Tr. 14). The ground in the Lubeck area is not well suited for septic systems. (Tr. 14). Mr. Sylvester believes that a block rate billing system may reduce costs. (Tr. 15). Mr. Sylvester complained that the District was not cooperative with him when he tried to review project plans. (Tr. 16). It took three trips to the District office before they would allow him to see any documents related to the project. (Tr. 16). Mr. Sylvester believes that Public Service District Boards should be elected by the public. (Tr. 16).

Kathy Tanner lives in McPherson Manor. (Tr. 17). She has a septic system which works perfectly. (Tr. 17). Her system was put into place in accordance with all county specifications. (Tr. 17). She does not believe that there should be grandfathering with septic systems. (Tr. 17). If they are not up to current standards, the owner should be forced to update the systems. (Tr. 17). The development is on sand which makes excellent conditions for septic systems. (Tr. 17). The sand perks well. (Tr. 17). Ms. Tanner uses a sprinkler system for her grass and desires a second water tap so she does not pay sewer fees for the sprinkler water. (Tr. 17). Ms. Tanner's neighbor, John Shosted, informed Ms. Tanner that his septic system was in bad shape. (Tr. 17). He was glad the sewer system was proposed. (Tr. 17). Ms. Tanner believes that the problem for Mr. Shosted is that his system was installed improperly. (Tr. 18). Ms. Tanner is also concerned that the proposed treatment plant is too close to homes. (Tr. 18). Ms. Tanner indicated that in many of the areas subdivisions the raw sewage problem is bad. (Tr. 18). The smell is so bad that you cannot drive through the area with your car windows down. (Tr. 18).

Betty Moreland lives in Fairview Acres. (Tr. 19). She indicated that septic systems do not work in her area. (Tr. 20). The sewage overflows and runs across the surface. (Tr. 20). Just walking in the subdivision, you can tell when someone flushes a commode because you can see the water flowing. (Tr. 20). She has witnessed children playing in the neighborhood get raw sewage on them. (Tr. 20). The stench is so bad that it is hardly bearable. (Tr. 20). Many people do laundry late at night to have the worse smell after people are indoors. (Tr. 20). Ms. Moreland believes that the whole problem is unhealthy for the community. (Tr. 20). She hates to see families' pets wading through the sewage. (Tr. 20). The situation is not fair because a neighboring subdivision, Terrytown, has a public sewer. (Tr. 20).

Larry Baker resides in Greenup Addition. (Tr. 21). He has lived there ten years. (Tr. 21). A new septic system was installed shortly before he moved into his home. (Tr. 21). Septic systems in his neighborhood are not working properly. (Tr. 21). There is sewage sludge piled up all around the community. (Tr. 21). The odor is difficult to handle. (Tr. 21). Mr. Baker's only concern about the project is that Greenup Addition has put a lot of money in its roads and they are all in good condition. (Tr. 22). If the roads are torn up by the project, he would hope they would be put back into their original condition. (Tr. 22). He would prefer that the lines not run under the roads. (Tr. 22).

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noted that the average family of four in West Virginia uses only 4,500 gallons a month.

Millie Wright has had such problems with her septic system that she had a second system put in the ground beside the first to help alleviate the problems. (Tr. 22). Ms. Wright strongly supports the proposed project. (Tr. 22).

Raymond Bradley moved into the area in 1936. (Tr. 23). He has installed two separate septic systems but has never had one work properly. (Tr. 23). Most of the Lubeck district is clay and rock. (Tr. 23). The water simply comes to the top of the ground. (Tr. 23) Mr. Bradley realizes that the project is expensive but the public sewer system is important. (Tr. 23). He considered receiving public water service as one of the greatest things that happened to his community. (Tr. 23). Mr. Bradley believes that public sewer service is needed. (Tr. 24). Mr. Bradley sometimes does not sleep worrying about his septic system. (Tr. 25). He had one system collapse and had to dig it out and dip it out. (Tr. 25). He strongly supported the project. (Tr. 25).

John Nicholson has witnessed many unhealthy situations where raw sewage is in people's yards. (Tr. 28). He has seen the same problem in his own yard. (Tr. 28). Mr. Nicholson has been bugging the District to do something for years. (Tr. 28). Mr. Nicholson supports the project. (Tr. 28).

Dave Mangus lives in McPherson Addition and currently has sewer service. (Tr. 28). The project will double his sewer bill. (Tr. 28). His new water and sewer bill will be more than $100 a month. (Tr. 28). Mr. Mangus is also concerned because the District plans to place the treatment plant in his neighborhood when there are thousands of acres of vacant land in the area. (Tr. 28). He believes that the placement of the treatment plant in his neighborhood will lower his property value. (Tr. 29). Mr. Mangus believes the project will result in rates that are too high. (Tr. 29).

Dennis Kane indicated that he believed there was a large potential for growth in the area. (Tr. 116).

Judith Hughes lives in Washington Gardens and believes that the project is desperately needed and should be approved. (Tr. 117).

Dick Johnson lives on Blennerhassett Heights and is in total agreement with the project. (Tr. 117). Mr. Johnson offered to sign a right-of-way agreement on the spot and seemed concerned that acquiring right-of-ways may delay the project. (Tr. 119).

Jim Lawrence is concerned with the width of temporary right-of-ways associated with the project. (Tr. 123). He also felt that it was unfair to take right-of-ways on small lots. (Tr. 124).

Eugene McPherson has a good septic system but still is 100% behind the project. (Tr. 125). He believes that it is badly needed. (Tr. 125).

David Lawson is from Washington and believes that a public sewer system would be an asset to the whole area. (Tr. 126). Mr. Lawson was critical of the District indicating that the District was not adequately sharing information with the public about the project. (Tr. 126). Mr. Lawson owns

property near the proposed treatment plant. (Tr. 127). Mr. Lawson is concerned about the smells associated with the treatment plant. (Tr. 131). Mr. Lawson was also concerned that the District was not offering the owner of the land where the treatment plant is to be built an adequate amount of money for the property. (Tr. 132).

EVIDENCE

James Cox has been the general manager of the District for about twelve years altogether. (Tr. 31). The District has provided water service since 1959 and sewer service since the 1970s through certain package plants. (Tr. 31). A package plant is a small treatment plant that typically covers one subdivision. (Tr. 31). The package plants the District operates range in size from 1,500 gallons per day to 40,000 gallons per day. (Tr. 31). There is no physical interconnection between the various package plants that the District currently operates. (Tr. 32). The District operates 16 package plants that serve 14 subdivisions. (Tr. 32). There is a total of 22 package plants in the project area. (Tr. 32). The other plants are operated by subdivisions or the County School Board. (Tr. 33). The project would eliminate five of these non-District plants and leave one plant in place. (Tr. 34).

The District has had increasing trouble operating the package plants. (Tr. 32). The plants are on average about twenty years old and in poor repair. (Tr. 45). In the last four-year period the District has had 471 environmental violations related to the package plants. (Tr. 32). The Division of Environmental Protection (DEP) is always tightening discharge requirements. (Tr. 32). The District had made application for a new package plant on Sandy Creek but was informed that the stream was at capacity and no additional discharge permits would be issued for the stream. (Tr. 33). The District has been informed that Neal Run is also at capacity. (Tr. 33).

The District looked into the alternative of repairing and replacing the package plants and the resulting rate for the currently served customers came out about the same as it did under the proposed project. (Tr. 45). The alternative of upgrading and replacing the package plants would not serve any new customers. (Tr. 45). A central treatment plant would also provide more reliable treatment of effluent than having 16 package plants. (Tr. 46). With small package plants, it does not take much to upset the plant. (Tr. 46). For instance, someone may pour something down the drain that would impair the treatment of a small package plant but the same amount of input would not seriously impair a large treatment plant. (Tr. 46).

The District began looking into a central sewer project some 29 years ago. (Tr. 34). Originally, the plans called for Parkersburg to treat the sewage but the proposal still would have cost the District $24,000,000. (Tr. 35). In 1980, it was decided that the project was not feasible. (Tr.

None appear to be operated by entities regulated by the Commission. (Tr. 47).

The District's oldest package plant was constructed in 1971 and its newest plant was constructed in 1983. (Tr. 45).

35). The District also considered an Innovative and Alternative system with grinder pumps and vacuum lines but was not able to reduce costs with that design. (Tr. 35). Mr. Cox has been involved with the current project since 1980. (Tr. 40).

In 1985, the District installed a mile-and-a-half of line in the Larkmead area and connected it to Parkersburg. (Tr. 35). That construction allowed the District to eliminate one package treatment plant. (Tr. 35).

Parkersburg does not have the needed capacity to treat additional District flows from the eastern side of the District. (Tr. 36). The project calls for the District plant to treat flows from both the eastern and western portions of the District. (Tr. 36). There were also problems related to transmission of the sewage to Parkersburg. (Tr. 37).

Mr. Cox believes that this is the last opportunity to sewer the District because of the 1% financing from the DEP's State Revolving Fund. (Tr. 36). The Infrastructure Council's Bond Anticipation Notes are also very favorable to the District. (Tr. 36).

The District views the project as a new starting point from which it could further expand its system. (Tr. 39). The District currently has more than 3,500 water customers and 700 sewer customers. (Tr. 39). The project would add another 1,200 sewer customers. (Tr. 39). There is potential for substantial growth as new collection lines are laid in the future. (Tr. 40). Mr. Cox receives calls from individual home owners and from developers who are attempting to get public sewer service. (Tr. 41).

About 1,100 of the new sewer customers under the project would be taken off of individual septic systems. (Tr. 47). Many of these systems are failing and creating a health hazard. (Tr. 48).

The DEP is reviewing the District's plans. (Tr. 42). The District agreed to submit DEP approval as a post-hearing exhibit. (Tr. 42).

Ronald Schultz is a registered engineer with Burgess & Nipple, Ltd. (Tr. 49). Mr. Schultz testified that many of the parts of a package plant, including blowers and pumps, have useful lives of between 15 and 20 years. (Tr. 51). Mr. Schultz prepared cost estimates to upgrade the various package plants and the resulting rates were roughly equivalent to the rates proposed by the District for the current project. (Tr. 52, 53).

The proposed treatment plant will be capable of treating a maximum daily flow of 3,000,000 gallons a day. (Tr. 53). The expected average daily flow from the proposed customers is 1,500,000 gallons a day. (Tr. 53). The plant is an aeration facility involving two oxidation ditches. (Tr. 54). Ultraviolet light will be used also to disinfect the waste. (Tr. 54). The plant will use aerobic digestion of the sludge generated by the plant. (Tr. 54). The sludge will eventually be transported to the county landfill or used for land application. (Tr. 130). The plant has been laid out so that it is easily expandable in the future. (Tr. 54). The plant will discharge into the Ohio River. (Tr. 54).

The general location of the treatment plant was identified in the facilities plan prepared by the District. (Tr. 55). The District

identified various possible locations for the plant. (Tr. 56). Mr. Schultz is convinced that the selected site is the best of the initial locations selected by the District. (Tr. 56). The plant needs to be able to discharge into the Ohio River because the other receiving streams in the area are fully loaded now. (Tr. 56). To attempt to discharge in either Neal Run or Sandy Creek would have involved much smaller flow and effluent limitations and accordingly a much more expensive system. (Tr. 56). The selected site for the plant is near the mouth of Sandy Creek which works well for the gravity transportation of much of the sewage in the area. (Tr. 57). The site is not in a planned subdivision. (Tr. 57).

Mr. Schultz believes that the plans are a reasonable way to economically provide public sewer service to the area. (Tr. 58). The system was designed to serve the maximum number of customers with the least overall construction cost. (Tr. 60).

Elbert N. Morton is an engineer with the Construction Assistance Division of the DEP. (Tr. 62). DEP money is involved in the project in terms of a State Revolving Fund loan. (Tr. 64). Mr. Morton believed that the projected costs associated with the project were reasonable. (Tr. 66).

Mr. Morton believes that the project is in the public interest because it gets rid of the failing septic systems which are located in the area. (Tr. 67). It also eliminates the malfunctioning package plants in the area which had about 413 environmental violations in a four-year period. (Tr. 67). The DEP is supporting similar projects throughout the state. (Tr. 69). Only the Ohio River could handle the discharge from a plant the size the District is proposing. (Tr. 68).

Philip R. Postlewait is a certified public accountant working for the District. (Tr. 71, 72). Mr. Postlewait testified that the proposed rates are adequate to recover the cost of building, financing, operating and maintaining the proposed system. (Tr. 73).

The proposed financing is very favorable with a loan from the SRF of $7,950,000; a loan from the Infrastructure and Jobs Council of $2,000,000 at zero percent; and about $16,550,000 of bond anticipation notes. $7,950,000 of bond anticipation notes will be converted to a second SRF loan in twenty years. (Tr. 76). The remaining notes of some $8,600,000 will either be converted into loans or into grants depending on the amount of customer growth the District experiences. (Tr. 76). The amount converted to grants is limited to 50% of the project cost. (Tr. 74). The bond anticipation notes will be evaluated for conversion in five year periods with the evaluation being based on customer growth of the District. (Tr. 77).

The history of the District is for rapid growth. (Tr. 75). Since 1972, the District has added an average of 87 water customers a year. (Tr. 75). The growth comes from both new customers being served off of existing pipe and new extensions of lines. (Tr. 76). Many of the lines have been laid by developers and turned over to the District. (Tr. 76). The District is projecting a growth of 50 sewer customers a year. (Tr. 75). No evidence was offered as to the general population trend in Wood County. (Tr. 78).

The District adjusted the proposed tap fee from $500 to $300 at the request of Staff. (Tr. 81). Only new customers of the District would have to pay the tap fee. (Tr. 82).

Mr. Postlewait developed an estimate of rates needed to try and repair the existing package plants. (Tr. 86). Given that no new customers shared in the expense and due to very high operating and maintenance expenses, the rates were averaging $42 to $43 a month for the average customer. (Tr. 87). His analysis assumed the same sort of favorable financing as received for the proposed project which was unlikely because low cost financing is more easily available when new unserved customers are added. (Tr. 86, 87). The average bill under the proposed project is $43.70 for a 4,500 gallon bill. (Tr. 91).

The rate structure proposed is the same sewer rate structure used by the District currently except that under the proposal the minimum bill has been lowered. (Tr. 92). Small use customers who can conserve water will be helped by the modification. (Tr. 93).

Earl L. Burgess, Jr., is the Executive Director of the Mid-Ohio Valley Health Department. (Tr. 96). Mr. Burgess indicated that the sewage problems inside the Lubeck area are extreme. (Tr. 98). About 65% of the septic systems are failing and in some subdivision as many as 85% of the systems are failing. (Tr. 98). Many of the systems were put in before 1970, when regulations were first started. (Tr. 98). Many of the systems were substandard. (Tr. 98). Most of the soil conditions in the area cause septic system failures. (Tr. 98). Many of the "hollows" between Lubeck and the Ohio River run black with raw sewage. (Tr. 98, 99).

Many of the homes in the area could not be sold without improving the septic systems. (Tr. 99). Many could not install an approved septic system because the lots are too small. (Tr. 99). Many undeveloped lots will never be developed without a public sewer because ground conditions make septic systems impossible. (Tr. 99).

David Dove is an engineer for Commission Staff. (Tr. 100). Mr. Dove testified that the plans and specifications for the project submitted by the District comply with the Commission's rules and regulations. (Tr. 102).

Geert Bakker prepared the financial section of the Staff report. (Tr. 103). The proposed average rate of $43.70 is high but not the highest in the state. (Tr. 104). The rates are so high because of the large amount of capital needed to construct the project. (Tr. 104).

Mr. Bakker testified that, if the bond anticipation notes are not converted to loans in 40 years, they automatically become grants. (Tr. 107). Mr. Bakker believes that the growth estimate used in the case is conservative for the District. (Tr. 108). Failure to grow will not result in higher rates but merely more grant funding for the project. (Tr. 108, 109). Any risk associated with the bond anticipation notes lies with the Infrastructure Council. (Tr. 110).

The project costs are estimated to be $26,500,000. (Staff Ex. 1). Staff indicated that the project cost per customer is $13,900, which Staff views as "high but not unusual." (Staff Ex. 1). Customer density will be

48.13 customers per mile which Staff views as "very acceptable." (Staff Ex. 1). Projected operating and maintenance costs are $516,000 annually or $22.56 per customer per month which Staff considers "high but acceptable." (Staff Ex. 1).

Staff believes that need has been demonstrated by the District. (Staff Ex. 1). Staff recommends that the project be approved contingent upon approval by the DEP. (Staff Ex. 1).

DISCUSSION

The District has demonstrated that public convenience and necessity require the project. The District has experienced numerous environmental violations attempting to operate its various package plants which are in poor condition. The need for public sewer service in the project area to serve customers currently served by septic systems was also clearly demonstrated. Existing private septic systems are not working well and the resulting environmental damage is extreme.

To upgrade the package plants would result in rates which are roughly the same as proposed for the larger project. Such an approach would not result in the service to any new customers. The District properly rejected such an approach.

Although some complaints were made by individuals making public comment about the proposed location for the treatment plant, the proposed location is reasonable. It is critical for the plant to be able to discharge in the Ohio River. The proposed location, near the mouth of Sandy Creek, will enable most of the sewage to flow by gravity.

The proposed financing is reasonable and should be approved. The bond anticipation notes are a relatively novel approach for financing of utility construction in West Virginia but pose no risk to utility customers. Any risk associated with the instruments lies with the Infrastructure Council.

The Staff-recommended rates have been accepted by the District. They are reasonable and should be approved for use by the District upon substantial completion of the project.

FINDINGS OF FACT

1. On February 25, 1998, the Lubeck Public Service District filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to construct a new water treatment facility and forty miles of sanitary sewer lines. (See application).

2. The District has made proper publication of its filing and of the public hearing. (See affidavits filed March 20, 1998, and May 13, 1998).

3. The District operates 16 package plants that serve 14 subdivisions in the project area. (Tr. 32). There are six additional package plants in the project area not operated by the District. (Tr. 32, 33). The project

would eliminate all of the District's package plants and five of these non-District plants. (Tr. 34).

4. The District has had increasing trouble operating the package plants and in the last four-year period has had 471 environmental violations related to the package plants. (Tr. 32).

5. The plants are on average about twenty years old and in poor repair. (Tr. 45).

6. The District has been informed by the DEP that no additional discharge permits would be issued for Sandy Creek or Neal Run because the streams are running at environmental capacity. (Tr. 33).

7. To repair and/or replace the package plants would result in rates for the currently served customers which are roughly the same as under the proposed project but would not serve any new customers. (Tr. 45, 52, 53, 87).

8. A central treatment plant would also provide more reliable treatment of effluent than having 16 package plants. (Tr. 46).

9. The District has been exploring ways to sewer the area for many years and has considered various options including treatment by Parkersburg and innovative and alternative systems. (Tr. 34, 35, 40).

10. Parkersburg does not have the needed capacity to treat additional District flows from the eastern side of the District. (Tr. 36). There were also problems related to transmission of the sewage to Parkersburg. (Tr. 37).

11. The District views the project as a new starting point from which it could further expand its system. (Tr. 39). There is potential for substantial growth as new collection lines are laid in the future. (Tr. 40).

12. The District currently has more than 3,500 water customers and 700 sewer customers. (Tr. 39). The project would add another 1,200 sewer customers. (Tr. 39).

13. Mr. Cox receives frequent calls from individual home owners and from developers who are attempting to get public sewer service. (Tr. 41).

14. About 1,100 of the new sewer customers under the project would be taken off of individual septic systems. (Tr. 47).

15. There are serious problems with existing septic systems and existing sewage disposal in the project area. (Tr. 8, 14, 17, 18, 20, 21, 22, 23, 28, 47, 48, 67, 98, 99).

16. The proposed treatment plant will be capable of treating a maximum daily flow of 3,000,000 gallons a day. (Tr. 53). The expected average daily flow from the proposed customers is 1,500,000 gallons a day. (Tr. 53).

17. The plant is an aeration facility involving two oxidation ditches. (Tr. 54). Ultraviolet light will be used also to disinfect the waste. (Tr. 54). The plant will use aerobic digestion of the sludge generated by the plant. (Tr. 54). The sludge will eventually be transported to the county landfill or used for land application. (Tr. 130).

18. The plant will discharge treated fluids into the Ohio River. (Tr. 54). The plant needs to be able to discharge into the Ohio because the other receiving streams in the area are fully loaded now. (Tr. 56, 68).

19. The plant has been laid out so that it is easily expandable in the future. (Tr. 54).

20. The selected site for the treatment plant is near the mouth of Sandy Creek which works well for the gravity transportation of much of the sewage in the area. (Tr. 57). The site is not in a planned subdivision. (Tr. 57).

21. The Staff-recommended rates are adequate to recover the cost of building, financing, operating and maintaining the proposed system. (Tr. 73, Staff Ex. 1).

22. The proposed financing is very favorable, with a loan from the SRF of $7,950,000 at 1%; a loan from the Infrastructure and Jobs Council of $2,000,000 at zero percent; and about $16,550,000 of bond anticipation notes. $7,950,000 of the bond anticipation notes will be converted to a second SRF loan in twenty years. (Tr. 76). The remaining notes of some $8,600,000 will either be converted into loans or into grants depending on the amount of customer growth the District experiences. (Tr. 76).

23. The history of the District is for rapid growth. (Tr. 75). Since 1972, the District has added an average of 87 water customers a year. (Tr. 75). The District is projecting a growth of 50 sewer customers a year. (Tr. 75).

24. The District adjusted the proposed tap fee from $500 to $300 at the request of Staff. (Tr. 81).

25. The average bill under the proposed project is $43.70 for a 4,500 gallon bill. (Tr. 91).

26. About 65% of the septic systems in the project area are failing and in some subdivision as many as 85% of the systems are failing. (Tr. 98). Many of the systems were put in before 1970, when regulations were first started. (Tr. 98). Many of the systems were substandard. (Tr. 98). Most of the soil conditions in the area cause septic system failures. (Tr. 98).

27. The plans and specifications submitted by the District comply with the Commission's rules and regulations. (Tr. 102).

28. If the bond anticipation notes are not converted to loans in 40 years, they automatically become grants. (Tr. 107).

29. Failure of the District to grow will not result in higher rates but merely more grant funding for the project. (Tr. 108, 109). Any risk associated with the bond anticipation notes lies with the Infrastructure Council. (Tr. 110).

30. The project costs are estimated to be $26,500,000. (Staff Ex. 1).

31. Staff indicated that the project cost per customer is $13,900, which Staff views as "high but not unusual." (Staff Ex. 1). Customer density will be 48.13 customers per mile which Staff views as "very acceptable." (Staff Ex. 1). Projected operating and maintenance costs are $516,000 annually or $22.56 per customer per month which Staff considers "high but acceptable." (Staff Ex. 1).

32. Staff recommends that the project be approved contingent upon approval by the DEP. (Staff Ex. 1).

33. The District filed a copy of final DEP approval of the project with the Commission on July 29, 1998. (See July 29, 1998 filing).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.

2. The proposed financing is reasonable and should be approved.

3. The District's application for a certificate of convenience and necessity should be granted.

4. The District should be required to seek Commission approval if the scope of the project or the proposed financing should change.

ORDER

IT IS, THEREFORE, ORDERED that the Lubeck Public Service District's application filed on February 25, 1998, for a certificate of convenience and necessity to construct a wastewater treatment plant and certain sewage collection lines, be, and hereby is, granted.

IT IS FURTHER ORDERED that proposed financing, consisting of a DEP State Revolving Fund loan of $7,950,000 for twenty years at 1%; a West Virginia Infrastructure Council loan of $2,000,000 for forty years at 0%; and $16,550,000 of Bond Anticipation Notes issued by the Infrastructure Council, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope, design or the financing of the project is modified, the District shall petition the Commission for approval of any modification before proceeding to construction. If contingency funds are extended for purposes other that those within the scope of the project, the District shall petition the Commission for approval prior to expending those funds.

IT IS FURTHER ORDERED that the District is hereby authorized to charge the rates and charges set forth in Appendix A, upon substantial completion of the project. The District shall file an appropriate tariff with the Commission's tariff office upon substantial completion of the project.

The Executive Secretary hereby is ordered to serve a copy of this order upon the Commission Staff by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave hereby is 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 the exceptions.

If no exceptions are filed, this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the 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 Executive 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.

K. A. George

Keith A. George
Administrative Law Judge

KAG:s

LUBECK PUBLIC SERVICE DISTRICT
CASE NO. 98-0009-PSD-CN

APPROVED RATES

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service.

RATES
A customer Charge of $7.65 for each bill.

A Volumetric Charge of $7.86 per 1,000 gallons.

MINIMUM CHARGE
$7.65

CUSTOMERS WHO ARE NON-WATER USERS
All users of the Sanitary Sewer disposal service who are not users of the District's water service will be required to have a water meter installed on the private water system, at the District's cost, for the purpose of determining the sewer charge.

DELAYED PAYMENT PENALTY
The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE
$300.00

RETURNED CHECK CHARGE FOR UNMETERED CUSTOMERS ONLY
The District may not collect any fee greater than that charged to it by a banking institution and under no circumstances shall the fee collected by the District exceed $15.00.

ROOF CONNECTIONS
The connection of surface drains to the sanitary sewer system is prohibited by Public Service Commission Sewer Rules and Regulations 5.4.19. After a thirty day notice to disconnect, if the customer has not disconnected, the District shall bill at standard rates the inflow treated from such source. Said gallonage shall be computed by determining the square footage of the structure or source involved and the precipitation during the billing cycle period. The resulting gallonage quantity shall be the basis for this additional billing. Failure to disconnect said connections within six months of notice shall be basis for service termination.

LEAK ADJUSTMENT INCREMENT

$1.79 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

GENERAL CERTIFICATE

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS; GRANTS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT
12. TRUTH AND ACCURACY
13. SPECIMEN BONDS AND NOTES
14. BOND AND NOTE PROCEEDS
15. CONFLICT OF INTEREST
16. CLEAN WATER ACT
17. COUNTERPARTS
18. YEAR 2000 COMPLIANCE

We, the undersigned CHAIRMAN and the undersigned SECRETARY of Lubeck Public Service District, Wood County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the fully registered Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A, numbered AR-1, dated the date hereof, in the principal amount of $7,950,000 and bearing no interest (the "Series 1999 A Bonds"), the fully registered Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B, numbered BR-1, dated the date hereof, in the principal amount of $2,000,000 and bearing no interest (the "Series 1999 B Bonds," and together with the Series 1999 A Bonds, the "Bonds"), and the fully registered Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999, numbered R-1, dated the date hereof, in the principal amount of $16,550,000 and bearing no interest (the "Notes"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond and Note Resolution duly adopted by the Public Service Board (the "Board") of the Issuer on February 25, 1999, and the Supplemental Resolution adopted February 25, 1999, relating to the Bonds (collectively, the "Resolution"), the Loan Agreement entered into among the Issuer, the Division of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated December 29, 1998, for the Series 1999 A Bonds; the Loan Agreement entered into between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council"), dated March 9, 1999, for the Series 1999 B Bonds; and the Loan Agreement entered into between the Issuer and the Authority acting on behalf of the Infrastructure Council, dated March 9, 1999, for the Notes (collectively, the "Loan Agreements").

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds or Notes; nor questioning the proceedings and authority by which the Board of the Issuer authorized the issuance and sale of the Bonds or Notes; nor affecting the validity of the Bonds or Notes or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Board thereof to their respective offices; nor questioning the acquisition and construction of certain extensions, additions, betterments and improvements to the existing sanitary sewer system of the Issuer financed in part by the proceeds of sale of the Bonds and Notes (herein called the "Project"), nor operation by the Issuer of the Project (the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System or the pledge of the revenues to the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the construction and acquisition of the Project, operation of the System, and issuance of the Bonds and Notes have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1, of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS; GRANTS: There has been no adverse change in the financial condition of the Issuer since December 29, 1998. With the exception of the Issuer's 1992 Sewer Revenue Bonds in the approximate outstanding principal amount of $75,193.43, and the Issuer's outstanding Step I and Step II Design Loans with the Authority in the approximate aggregate outstanding principal amount of $189,527.06 (the "Prior Obligations"), there are no bonds, notes or other obligations of the Issuer which are secured by a lien on the revenues of the system. The Prior Obligations will be paid in full on the date of closing from the proceeds of the Series 1999 B Bonds.

5. SIGNATURES: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and serving officers of the Issuer as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds and Notes for the Issuer. The seal impressed upon the Bonds and Notes and this Certificate is the duly authorized, proper and only seal of the Issuer.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Counsel hereby certifies that the Issuer has filed information with the Public Service Commission (the "PSC") and taken all other action required to maintain the Recommended Decision dated July 31, 1998 in Case No. 98-0009-W-CN, granting a Certificate of Convenience and Necessity and approving the sale of the Bonds and Notes, and which became a final order of the PSC on August 11, 1998 in full force and effect, and has taken all other action required by applicable law. The Issuer's current rates, as set by the PSC, are sufficient to meet the requirements of the Loan Agreements.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is its public service board, consisting of three members, including a chairman, a secretary and a treasurer, and it is a public corporation and political subdivision of the State of West Virginia in Wood County of said State. The governing body of the Issuer is its Public Service Board, consisting of three members, including a chairman, a secretary and a treasurer. The names and dates of commencement and termination of terms of office for these members and officers during these proceedings, including current terms, are listed below:

Name	Date Of Termination Of Office
James E. Smith, Chairman	12/31/01
Charles H. Huffman, Secretary	12/31/03
Lee Johnson, Treasurer	12/31/99

The duly appointed and acting Secretary of the Board is Charles H. Huffman. The duly appointed and acting Attorney of the Issuer is Lawrence Ronning, Esquire, Parkersburg, West Virginia.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the 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 that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that 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.

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board 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.

10. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution.

11. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statements of 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 December 29, 1998 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 therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreements.

12. TRUTH AND ACCURACY: As of the date hereof, James E. Smith, Chairman, and Charles H. Huffman, Secretary, hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents has been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BONDS AND NOTES: Attached hereto as Exhibit A are specimens of the Bonds and Notes which, except as to execution and authentication, are identical in all respects with such Bonds and Notes this day delivered to the Authority and being substantially in the forms prescribed in the Resolution.

14. BOND AND NOTE PROCEEDS: On the date hereof, the Issuer received $712,454 from the Authority and the DEP, being a portion of the principal amount of the Series 1999 A Bonds and more than a de minimus amount of the proceeds of the Series 1999 A Bonds; and $1,758,389 from the Authority and the Infrastructure Council, being a portion of the principal amount of the Series 1999 B Bonds and more than a de

minimus amount of the proceeds of the Series 1999 B Bonds. The proceeds of the Notes and the balance of the principal amount of each series of Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

15. CONFLICT OF INTEREST: No 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 or the Notes, the Resolution, 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.

16. CLEAN WATER ACT: The project as described in the Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

17. COUNTERPARTS: This Certificate may be executed in counterpart and such parts shall be deemed to be the Certificate.

18. YEAR 2000 COMPLIANCE: The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and any electronic or mechanical components of the System's sewerage system facilities, are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purpose of this paragraph, "Year 2000 Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information technology used during each such time period will accurately receive, provide and process data-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all payments for the Bonds and Notes contemplated by the Resolution as and when they become due.

WITNESS our signatures and the official corporate seal of Lubeck Public Service District on this 9th day of March, 1999.

[SEAL]

Signature	Official Title
James E. Smith	Chairman
Charles H. Huffman	Secretary
	Attorney

CHASFS3:140073

NUMBER
AR-1

"SPECIMEN"

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $7,950,000

KNOW ALL MEN BY THESE PRESENTS: That LUBECK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision organized and existing under the laws 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 Seven Million Nine Hundred Fifty Thousand Dollars ($7,950,000), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning June 1, 2001, as set forth on the "Schedule of Debt Service" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Resolution) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, as set forth on Exhibit B attached hereto.

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 principal, 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 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 as otherwise provided by the Loan Agreement dated December 29, 1998, among the Authority, the DEP and the Issuer.

This Bond is issued to permanently finance a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing system of the Issuer (the "Project," and together with any further extensions, additions, betterments and improvements thereto, the "System") and to pay certain costs of issuance hereof 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 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the 25th day of February, 1999, and a Supplemental Resolution adopted by the Issuer on the 25th day of February, 1999 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE ISSUER'S SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 B (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Series 1999 A Reserve Account created under the Resolution 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 which 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with the Bonds, payable from such revenues, provided however, that so long as there exists in the Series 1999 A Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount 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 Resolution. Remedies provided the registered owners of the

Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided 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, shall be applied solely to the payment of the Costs of the Project described in the Resolution or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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 Resolution and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond, to the same extent as if written fully herein.

[Remainder of this page intentionally left blank]

NUMBER
AR-1

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Bond to be dated the 9th day of March, 1999.

[SEAL]

James E. Smith
Chairman

ATTEST:

Charles H. Huffman
Secretary

NUMBER
AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
Its Authorized Officer

Dated: March 9, 1999

NUMBER

AR-1

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $712,454.00	March 9, 1999	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

Total $_____

NUMBER

AR-1

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Coupon	Total P+I
3/01/1999	-	-	-
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	99,375.00	-	99,375.00
9/01/2001	99,375.00	-	99,375.00
12/01/2001	99,375.00	-	99,375.00
3/01/2002	99,375.00	-	99,375.00
6/01/2002	99,375.00	-	99,375.00
9/01/2002	99,375.00	-	99,375.00
12/01/2002	99,375.00	-	99,375.00
3/01/2003	99,375.00	-	99,375.00
6/01/2003	99,375.00	-	99,375.00
9/01/2003	99,375.00	-	99,375.00
12/01/2003	99,375.00	-	99,375.00
3/01/2004	99,375.00	-	99,375.00
6/01/2004	99,375.00	-	99,375.00
9/01/2004	99,375.00	-	99,375.00
12/01/2004	99,375.00	-	99,375.00
3/01/2005	99,375.00	-	99,375.00
6/01/2005	99,375.00	-	99,375.00
9/01/2005	99,375.00	-	99,375.00
12/01/2005	99,375.00	-	99,375.00
3/01/2006	99,375.00	-	99,375.00
6/01/2006	99,375.00	-	99,375.00
9/01/2006	99,375.00	-	99,375.00
12/01/2006	99,375.00	-	99,375.00
3/01/2007	99,375.00	-	99,375.00
6/01/2007	99,375.00	-	99,375.00
9/01/2007	99,375.00	-	99,375.00
12/01/2007	99,375.00	-	99,375.00
3/01/2008	99,375.00	-	99,375.00
6/01/2008	99,375.00	-	99,375.00
9/01/2008	99,375.00	-	99,375.00
12/01/2008	99,375.00	-	99,375.00
3/01/2009	99,375.00	-	99,375.00
6/01/2009	99,375.00	-	99,375.00
9/01/2009	99,375.00	-	99,375.00
12/01/2009	99,375.00	-	99,375.00
3/01/2010	99,375.00	-	99,375.00
6/01/2010	99,375.00	-	99,375.00
9/01/2010	99,375.00	-	99,375.00

NUMBER

AR-1

Lubeck Public Service District, West Virginia

SRF Loan C-544072

$7,950,000; 20 Years; 0% Interest Rate; 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2010	99,375.00	-	99,375.00
3/01/2011	99,375.00	-	99,375.00
6/01/2011	99,375.00	-	99,375.00
9/01/2011	99,375.00	-	99,375.00
12/01/2011	99,375.00	-	99,375.00
3/01/2012	99,375.00	-	99,375.00
6/01/2012	99,375.00	-	99,375.00
9/01/2012	99,375.00	-	99,375.00
12/01/2012	99,375.00	-	99,375.00
3/01/2013	99,375.00	-	99,375.00
6/01/2013	99,375.00	-	99,375.00
9/01/2013	99,375.00	-	99,375.00
12/01/2013	99,375.00	-	99,375.00
3/01/2014	99,375.00	-	99,375.00
6/01/2014	99,375.00	-	99,375.00
9/01/2014	99,375.00	-	99,375.00
12/01/2014	99,375.00	-	99,375.00
3/01/2015	99,375.00	-	99,375.00
6/01/2015	99,375.00	-	99,375.00
9/01/2015	99,375.00	-	99,375.00
12/01/2015	99,375.00	-	99,375.00
3/01/2016	99,375.00	-	99,375.00
6/01/2016	99,375.00	-	99,375.00
9/01/2016	99,375.00	-	99,375.00
12/01/2016	99,375.00	-	99,375.00
3/01/2017	99,375.00	-	99,375.00
6/01/2017	99,375.00	-	99,375.00
9/01/2017	99,375.00	-	99,375.00
12/01/2017	99,375.00	-	99,375.00
3/01/2018	99,375.00	-	99,375.00
6/01/2018	99,375.00	-	99,375.00
9/01/2018	99,375.00	-	99,375.00
12/01/2018	99,375.00	-	99,375.00
3/01/2019	99,375.00	-	99,375.00
6/01/2019	99,375.00	-	99,375.00
9/01/2019	99,375.00	-	99,375.00
12/01/2019	99,375.00	-	99,375.00
3/01/2020	99,375.00	-	99,375.00
6/01/2020	99,375.00	-	99,375.00
9/01/2020	99,375.00	-	99,375.00
12/01/2020	99,375.00	-	99,375.00
3/01/2021	99,375.00	-	99,375.00
Total	7,950,000.00	-	7,950,000.00 *

*Plus $10,061.72 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $804,937.60.

NUMBER
AR-1

[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:

_____

NUMBER

BR-1

"SPECIMEN"

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,000,000

KNOW ALL MEN BY THESE PRESENTS: That LUBECK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision organized and existing under the laws 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"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council"), or registered assigns, the sum of Two Million Dollars ($2,000,000), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning June 1, 2001, as set forth on the "Schedule of Debt Service" 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 principal, 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 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 Infrastructure

Council and as otherwise provided by the Loan Agreement dated March 9, 1999, between the Authority and the Issuer.

This Bond is issued to permanently finance a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing system of the Issuer (the "Project," and together with any further extensions, additions, betterments and improvements thereto, the "System"), to pay in full the outstanding principal of and interest, if any, on the Prior Obligations (as defined in the hereinafter defined Resolution) and to pay certain costs of issuance hereof 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 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the 25th day of February, 1999, and a Supplemental Resolution adopted by the Issuer on the 25th day of February, 1999 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE ISSUER'S SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Series 1999 B Reserve Account created under the Resolution 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 which 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 B Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with the Bonds, payable from such revenues, provided however, that so long as there exists in the Series 1999 B Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided 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, shall be applied solely to the payment of the Costs of the Project described in the Resolution or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 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 Resolution and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond, to the same extent as if written fully herein.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Bond to be dated the 9th day of March, 1999.

[SEAL]

James E. Smith
Chairman

ATTEST:

Charles H. Huffman
Secretary

NUMBER

BR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
Its Authorized Officer

Dated: March 9, 1999

NUMBER

BR-1

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $1,758,389.00	March 9, 1999	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

Total $_____

NUMBER

BR-1

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	13,158.00	-	13,158.00
9/01/2001	13,158.00	-	13,158.00
12/01/2001	13,158.00	-	13,158.00
3/01/2002	13,158.00	-	13,158.00
6/01/2002	13,158.00	-	13,158.00
9/01/2002	13,158.00	-	13,158.00
12/01/2002	13,158.00	-	13,158.00
3/01/2003	13,158.00	-	13,158.00
6/01/2003	13,158.00	-	13,158.00
9/01/2003	13,158.00	-	13,158.00
12/01/2003	13,158.00	-	13,158.00
3/01/2004	13,158.00	-	13,158.00
6/01/2004	13,158.00	-	13,158.00
9/01/2004	13,158.00	-	13,158.00
12/01/2004	13,158.00	-	13,158.00
3/01/2005	13,158.00	-	13,158.00
6/01/2005	13,158.00	-	13,158.00
9/01/2005	13,158.00	-	13,158.00
12/01/2005	13,158.00	-	13,158.00
3/01/2006	13,158.00	-	13,158.00
6/01/2006	13,158.00	-	13,158.00
9/01/2006	13,158.00	-	13,158.00
12/01/2006	13,158.00	-	13,158.00
3/01/2007	13,158.00	-	13,158.00
6/01/2007	13,158.00	-	13,158.00
9/01/2007	13,158.00	-	13,158.00
12/01/2007	13,158.00	-	13,158.00
3/01/2008	13,158.00	-	13,158.00
6/01/2008	13,158.00	-	13,158.00
9/01/2008	13,158.00	-	13,158.00
12/01/2008	13,158.00	-	13,158.00
3/01/2009	13,158.00	-	13,158.00
6/01/2009	13,158.00	-	13,158.00
9/01/2009	13,158.00	-	13,158.00
12/01/2009	13,158.00	-	13,158.00
3/01/2010	13,158.00	-	13,158.00
6/01/2010	13,158.00	-	13,158.00
9/01/2010	13,158.00	-	13,158.00
12/01/2010	13,158.00	-	13,158.00

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	13,158.00	-	13,158.00
6/01/2011	13,158.00	-	13,158.00
9/01/2011	13,158.00	-	13,158.00
12/01/2011	13,158.00	-	13,158.00
3/01/2012	13,158.00	-	13,158.00
6/01/2012	13,158.00	-	13,158.00
9/01/2012	13,158.00	-	13,158.00
12/01/2012	13,158.00	-	13,158.00
3/01/2013	13,158.00	-	13,158.00
6/01/2013	13,158.00	-	13,158.00
9/01/2013	13,158.00	-	13,158.00
12/01/2013	13,158.00	-	13,158.00
3/01/2014	13,158.00	-	13,158.00
6/01/2014	13,158.00	-	13,158.00
9/01/2014	13,158.00	-	13,158.00
12/01/2014	13,158.00	-	13,158.00
3/01/2015	13,158.00	-	13,158.00
6/01/2015	13,158.00	-	13,158.00
9/01/2015	13,158.00	-	13,158.00
12/01/2015	13,158.00	-	13,158.00
3/01/2016	13,158.00	-	13,158.00
6/01/2016	13,158.00	-	13,158.00
9/01/2016	13,158.00	-	13,158.00
12/01/2016	13,158.00	-	13,158.00
3/01/2017	13,158.00	-	13,158.00
6/01/2017	13,158.00	-	13,158.00
9/01/2017	13,158.00	-	13,158.00
12/01/2017	13,158.00	-	13,158.00
3/01/2018	13,158.00	-	13,158.00
6/01/2018	13,158.00	-	13,158.00
9/01/2018	13,158.00	-	13,158.00
12/01/2018	13,158.00	-	13,158.00
3/01/2019	13,158.00	-	13,158.00
6/01/2019	13,158.00	-	13,158.00
9/01/2019	13,158.00	-	13,158.00
12/01/2019	13,158.00	-	13,158.00
3/01/2020	13,158.00	-	13,158.00
6/01/2020	13,158.00	-	13,158.00
9/01/2020	13,158.00	-	13,158.00
12/01/2020	13,158.00	-	13,158.00
3/01/2021	13,158.00	-	13,158.00
6/01/2021	13,158.00	-	13,158.00
9/01/2021	13,158.00	-	13,158.00
12/01/2021	13,158.00	-	13,158.00
3/01/2022	13,158.00	-	13,158.00
6/01/2022	13,158.00	-	13,158.00
9/01/2022	13,158.00	-	13,158.00

NUMBER

BR-1

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2022	13,158.00	-	13,158.00
3/01/2023	13,158.00	-	13,158.00
6/01/2023	13,158.00	-	13,158.00
9/01/2023	13,158.00	-	13,158.00
12/01/2023	13,158.00	-	13,158.00
3/01/2024	13,158.00	-	13,158.00
6/01/2024	13,158.00	-	13,158.00
9/01/2024	13,158.00	-	13,158.00
12/01/2024	13,158.00	-	13,158.00
3/01/2025	13,158.00	-	13,158.00
6/01/2025	13,158.00	-	13,158.00
9/01/2025	13,158.00	-	13,158.00
12/01/2025	13,158.00	-	13,158.00
3/01/2026	13,158.00	-	13,158.00
6/01/2026	13,158.00	-	13,158.00
9/01/2026	13,158.00	-	13,158.00
12/01/2026	13,158.00	-	13,158.00
3/01/2027	13,158.00	-	13,158.00
6/01/2027	13,158.00	-	13,158.00
9/01/2027	13,158.00	-	13,158.00
12/01/2027	13,158.00	-	13,158.00
3/01/2028	13,158.00	-	13,158.00
6/01/2028	13,158.00	-	13,158.00
9/01/2028	13,158.00	-	13,158.00
12/01/2028	13,158.00	-	13,158.00
3/01/2029	13,158.00	-	13,158.00
6/01/2029	13,158.00	-	13,158.00
9/01/2029	13,158.00	-	13,158.00
12/01/2029	13,158.00	-	13,158.00
3/01/2030	13,158.00	-	13,158.00
6/01/2030	13,158.00	-	13,158.00
9/01/2030	13,158.00	-	13,158.00
12/01/2030	13,158.00	-	13,158.00
3/01/2031	13,158.00	-	13,158.00
6/01/2031	13,158.00	-	13,158.00
9/01/2031	13,158.00	-	13,158.00
12/01/2031	13,158.00	-	13,158.00
3/01/2032	13,158.00	-	13,158.00
6/01/2032	13,158.00	-	13,158.00
9/01/2032	13,158.00	-	13,158.00
12/01/2032	13,158.00	-	13,158.00
3/01/2033	13,158.00	-	13,158.00
6/01/2033	13,158.00	-	13,158.00
9/01/2033	13,158.00	-	13,158.00
12/01/2033	13,158.00	-	13,158.00
3/01/2034	13,158.00	-	13,158.00
6/01/2034	13,158.00	-	13,158.00

Lubeck Public Service District

Infrastructure Fund (Series 1998A) Loan
$2,000,000; 40 Years; 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2034	13,158.00	-	13,158.00
12/01/2034	13,158.00	-	13,158.00
3/01/2035	13,158.00	-	13,158.00
6/01/2035	13,157.00	-	13,157.00
9/01/2035	13,157.00	-	13,157.00
12/01/2035	13,157.00	-	13,157.00
3/01/2036	13,157.00	-	13,157.00
6/01/2036	13,157.00	-	13,157.00
9/01/2036	13,157.00	-	13,157.00
12/01/2036	13,157.00	-	13,157.00
3/01/2037	13,157.00	-	13,157.00
6/01/2037	13,157.00	-	13,157.00
9/01/2037	13,157.00	-	13,157.00
12/01/2037	13,157.00	-	13,157.00
3/01/2038	13,157.00	-	13,157.00
6/01/2038	13,157.00	-	13,157.00
9/01/2038	13,157.00	-	13,157.00
12/01/2038	13,157.00	-	13,157.00
3/01/2039	13,157.00	-	13,157.00
Total	**2,000,000.00**	**-**	**2,000,000.00**

YIELD STATISTICS

Bond Year Dollars	$42,205.28
Average Life	21.103 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.63E-10
Bond Yield for Arbitrage Purposes	2.63E-10
All Inclusive Cost (AIC)	2.63E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	21.103 Years

NUMBER
BR-1

[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:

_____

NUMBER

R-1

"SPECIMEN"

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM
BOND ANTICIPATION NOTE, SERIES 1999
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $16,550,000

KNOW ALL MEN BY THESE PRESENTS: That LUBECK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision organized and existing under the laws 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") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council"), or registered assigns, the principal sum of Sixteen Million Five Hundred Fifty Thousand Dollars ($16,550,000), or such lesser amount as shall have been advanced hereunder and not previously repaid, as set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in annual installments of One Hundred Dollars ($100) on the 1st day of June of each year beginning June 1, 2001, with the entire outstanding principal sum payable in full on the 1st day of March, 2006, as set forth on the "Schedule of Debt Service" attached as Exhibit B hereto and incorporated herein by reference. Notwithstanding the foregoing, if the Program (as defined in the hereinafter-defined Resolution) is amended prior to the maturity date of the Notes to permit the Authority and the DEP to authorize and make loans under the Program for terms in excess of twenty years, the Authority, acting on behalf of the Infrastructure Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of the Notes to be due and payable prior to maturity.

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 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 Infrastructure Council and under the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated March 9, 1999, between the Issuer and the Authority.

This Note is issued to temporarily finance a portion of the costs of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing system of the Issuer (the "Project," and together with any further extensions, additions, betterments and improvements thereto, the "System") and to pay certain costs of issuance hereof and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the 25th day of February, 1999, and a Supplemental Resolution adopted by the Issuer on the 25th day of February, 1999 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof.

This Note is payable solely from proceeds of any additional sewerage system revenue bonds or refunding revenue bonds of the Issuer which may be issued for the Project, any additional grants (other than Infrastructure Council grants) which the Issuer may receive for the Project and any additional bond anticipation notes which the Issuer may issue upon maturity of the Note. Money from these sources shall be deposited in the Series 1999 Notes Payment Fund established under the Resolution for the prompt payment of the principal of this Note. If, on the fortieth anniversary of the date of issuance of the Notes, the Issuer has not (i) issued any additional sewerage system revenue bonds, refunding revenue bonds, or bond anticipation notes pursuant to the terms of the Resolution or (ii) received any additional grants (other than Infrastructure Council grants) for the Project, then the Infrastructure Council shall instruct the Authority to convert the outstanding principal amount of the Note or Notes then Outstanding to a grant and to cancel the Note or Notes then Outstanding; provided, that in no event shall a portion of the principal amount of the Notes greater than $8,600,000 be converted to a grant.

This Note 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 the sources set forth above. Pursuant to the Resolution, the Issuer has entered into certain covenants with the Authority, acting on behalf of the Infrastructure Council, for the terms of which reference is made to the Resolution.

This Note is transferable, as provided in the Resolution, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or its attorney duly 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 provided 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, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project 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 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 in the issuance of this Note have existed, 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.

[This space intentionally left blank]

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, and has caused this Note to be dated the 9th day of March, 1999.

[SEAL]

Chairman

ATTEST:

Secretary

NUMBER

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.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
Its Authorized Officer

Dated: March 9, 1999

NUMBER
R-1

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $		(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

Total $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Coupon	Total P+I
6/01/2001	100	-	100
6/01/2002	100	-	100
6/01/2003	100	-	100
6/01/2004	100	-	100
6/01/2005	100	-	100
3/01/2006	$16,549,500	-	$16,549,500
Total:	$16,550,000	-	$16,550,000

NUMBER

R-1

[Form of Assignment]

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 REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Charles H. Huffman, Secretary of Lubeck Public Service District, West Virginia (the "Issuer"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A, in the principal amount of $7,950,000 (the "Series 1999 A Bonds"), the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B in the principal amount of $2,000,000 (the "Series 1999 B Bonds," and together with the Series 1999 A Bonds, the "Bonds"), and the Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999, in the principal amount of $16,550,000 (the "Notes"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Rules of Order and Procedure.

2. Orders of appointment of members to the Public Service Board (the "Board") of the District.

3. Official oaths of office of the Board members.

4. Minutes of the Board's 1999 annual meeting electing officers of the Board.

5. Bond and Note Resolution adopted by the Board on February 25, 1999.

6. Supplemental Resolution adopted by the Board on February 25, 1999, authorizing the sale of the Bonds and Notes.

7. Excerpts of Minutes of February 25, 1999, Board meeting in which the Bond and Note Resolution and the Supplemental Resolution were adopted.

8. Loan Agreement dated December 29, 1998 between the District, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("DEP") for the Series 1999 A Bonds.

9. Loan Agreement dated March 9, 1999 between the District and the Authority for the Series 1999 B Bonds.

10. Loan Agreement dated March 9, 1999 between the District and the Authority for the Notes.

11. Infrastructure Council Approval Letter.

12. Copy of the Recommended Decision of the Administrative Law Judge of the West Virginia Public Service Commission (the "PSC") dated July 31, 1998 granting the District a Certificate of Convenience and Necessity and approving the financing, which became a Final Order of the PSC on August 11, 1998.

WITNESS my signature and the official seal of Lubeck Public Service District as of the 9th day of March 1999.

Secretary

(SEAL)

CHASFS3:140184

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

CERTIFICATE OF CONSULTING ENGINEER

I, Ronald R. Schultz, Registered Professional Engineer, West Virginia License No. 8634, of Burgess & Niple, Limited, Parkersburg, West Virginia, hereby certify that my firm is engineer for the design and construction of certain additions, extensions, betterments and improvements (the "Project") to the existing sewerage collection and treatment system (the "System") of the Lubeck Public Service District (the "Issuer") to be constructed primarily in Wood County, West Virginia, which design, acquisition and construction is being permanently financed, in part, by the above-captioned bonds (the "Bonds") and bond anticipation notes (the "Notes") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond and Note Resolution enacted by the Public Service Board of the Issuer on February 25, 1999; the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated February 25, 1999, for the Issuer's Sewerage System Revenue Bonds, Series 1999 A; the Loan Agreement between the Issuer and the Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") dated March 9, 1999 for the Issuer's Sewerage System Revenue Bonds, Series 1999 B, and the Loan Agreement between the Issuer and the Authority, acting on behalf of the Infrastructure Council, dated March 9, 1999 for the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 (collectively, the "Loan Agreements"):

1. The Bonds and the Notes are being issued for the purpose of (i) paying a portion of the Costs of the Project and (ii) paying certain costs of issuance thereof and related costs.

2. The undersigned hereby certifies that to the best of my knowledge, information, and belief (i) the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and as described in the applications submitted to the Authority, DEP and the Infrastructure Council requesting the Authority to purchase the Bonds and the Notes (the "Applications") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Applications and based upon the opinion of Issuer's counsel, Lawrence Ronning, all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified by the Issuer's counsel for accuracy, (iv) the chosen bidders received any and all addenda to the original bid documents, (v) the bid documents reflect the Project as approved by the West Virginia Division of Environmental Protection, (vi) the chosen bids include every construction item necessary to complete the Project, or explain any deviation thereof, (vii) the uniform bid procedures were, in general, followed, (viii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) based upon the opinion of Issuer's accountant, Phillip R. Postlewait, Jr., CPA, the rates and charges for the System as established by the PSC are sufficient to comply with

provisions of Subsections 4.1(b) of the Loan Agreements, (x) the net proceeds of the Bonds and the Notes, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of any grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Applications, and (xi) attached hereto as Exhibit A is the final amended "Schedule A – Total Cost of Project and Sources of Funds" with respect to the SRF Loan Agreement and attached hereto as Exhibit B is the final amended "Schedule B – Total Cost of Project and Sources of Funds" with respect to the Infrastructure Council Loan Agreement.

WITNESS my signature on this 9th day of March, 1999.

BURGESS & NIPLE, LIMITED

By _____
Ronald R. Schultz
West Virginia License No. 8634

[SEAL}

LUBECK PUBLIC SERVICE DISTRICT
SCHEDULE A
CENTRAL SEWER PROJECT COST ESTIMATE
AS OF MARCH 9, 1999

A. Cost of Project	
1. Construction - Based on Engineer's Estimate	$20,477,233.10
2. Technical Services	$3,752,608.00
3. Legal and Fiscal	$400,000.00
4. Administrative	
5. Sites and Other Lands	$461,600.00
6. Step I or II or Other Loan Repayment	$264,720.49
7. Interim Financing Costs	$120,000.00
8. Contingency	$973,838.41
9. Total of Lines 1 through 8	$26,450,000.00
B. Source of Funds	
10. Federal Grants	
11. State Grants	
12. Other Grants	
13. Any Other Source	
a. Infrastructure Fund BOND	$2,000,000.00
b. Infrastructure Fund BANS	$16,550,000.00
14. Infrastructure Fund Grant	
15. Total Lines 10 through 14	$18,550,000.00
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	$7,900,000.00
C. Cost of Financing	
17. Funded Reserve Account	
18. Other Costs	
a. Bond Counsel	$50,000.00
19. Total Cost of Financing (Lines 17 and 18)	$50,000.00
20. Size of Bond Issue (Line 16 plus Line 19)	$7,950,000.00

James E. Smith
Signature of Applicant

3/9/99
Date

Ronald R. Schultz
Signature of Consulting Engineer

MARCH 9, 1999
Date

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
SCHEDULE B
LUBECK PUBLIC SERVICE DISTRICT
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

ITEM	TOTAL	SRF	IJDC
A. Cost of Project			
1. Construction (Based on Actual Bids)	$ 20,477,233.10	$ 4,930,095.00	$ 15,547,138.10
a. Contract 98-1	$ 6,269,000.00		
b. Contract 98-3	$ 1,937,110.50		
c. Contract 98-4	$ 1,626,350.00		
d. Contract 98-5	$ 2,049,705.00		
e. Contract 98-6	$ 1,287,595.75		
f. Contract 98-7	$ 2,810,395.00		
g. Contract 98-8	$ 3,799,940.50		
h. Contract 98-9	$ 697,136.35		
2. Technical Services	$ 3,752,608.00	$ 2,969,905.00	$ 782,703.00
a. Design	$ 1,495,000.00	$ 712,297.00	$ 782,703.00
b. Bidding/Construction Services	$ 841,951.00	$ 841,951.00	$ -
c. Resident Project Representative	$ 1,200,000.00	$ 1,200,000.00	$ -
d. Special Services	$ 215,657.00	$ 215,657.00	$ -
3. Legal and Fiscal	$ 400,000.00	$ -	$ 400,000.00
a. Attorney Fees (Easements, PSC, etc.)	$ 350,000.00	$ -	$ 350,000.00
b. Accountant	$ 50,000.00	$ -	$ 50,000.00
4. Administrative	$ -	$ -	$ -
5. Sites and Other Lands	$ 461,600.00	$ -	$ 461,600.00
a. Land Acquisition Costs	$ 309,200.00	$ -	$ 309,200.00
b. Easement Costs	$ 80,000.00	$ -	$ 80,000.00
c. Appraisals or Other Related Costs	$ 70,000.00	$ -	$ 70,000.00
d. Permits	$ 2,400.00	$ -	$ 2,400.00
6. Other Costs	$ 120,000.00	$ -	$ 120,000.00
a. Interim Financing	$ 120,000.00	$ -	$ 120,000.00
7. Loan Payoff	$ 264,720.49	$ -	$ 264,720.49
a. Step I	$ 10,545.41	$ -	$ 10,545.41
b. Step II	$ 178,981.65	$ -	$ 178,981.65
c. United National Bank	$ 75,193.43	$ -	$ 75,193.43
8. Contingency	$ 973,838.41	$ -	$ 973,838.41
9. Total of Lines 1 through 8	$ 26,450,000.00	$ 7,900,000.00	$ 18,550,000.00
B. Sources of Funds			
10. State Revolving Fund	$ 7,950,000.00		
11. Net Proceeds Required from Bond Issue	$ 18,500,000.00		
(Line 9 minus Line 10)			
C. Cost of Financing			
12. Bond Counsel	$ 50,000.00	$ 50,000.00	$ -
13. Total Cost of Financing	$ 50,000.00	$ 50,000.00	$ -
14. Size of Bond Issue	$ 18,550,000.00		
(Line 11 plus Line 13)			

James E. Smith
Signature of Applicant

Date: MARCH 9, 1999

Ronald R Schultz
Signature of Consulting Engineer

Date: MARCH 9, 1999

LUBECK PUBLIC SERVICE DISTRICT

Sewerage System Revenue Bonds, Series 1999 A and Series 1999 B
and Sewerage System Bond Anticipation Notes, Series 1999

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

I, Philip R. Postlewait, Jr., Certified Public Accountant, have reviewed the sewer service rates of Lubeck Public Service District, Wood County, West Virginia (the "Issuer") established by the Public Service Commission of West Virginia in Case No. 98-0009-W-CN, the Issuer's operation and maintenance expenses, and the estimated customer usage. It is my opinion that those rates are adequate to pay operation and maintenance expenses and to meet the debt service coverage requirements of the Issuer's Sewerage System Revenue Bonds, Series 1999 A (the "Series 1999 A Bonds"), the Issuer's Sewerage System Revenue Bonds, Series 1999 B (the "Series 1999 B Bonds") (the "Series 1999 B Bonds," and together with the Series 1999 A Bonds, the "Bonds") and the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 (the "Notes"), issued pursuant to a Bond and Note Resolution adopted by the Public Service Board (the "Board") of the Issuer on February 25, 1999 (the "Resolution"), and a Supplemental Resolution adopted by the Board on February 25, 1999, and are sufficient to comply with the provisions of the Loan Agreement by and among the Issuer, the West Virginia Division of Environmental Protection, and the West Virginia Water Development Authority (the "Authority") on December 29, 1998 for the Series 1999 A Bonds, the Loan Agreement between the Issuer and the Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") dated March 9, 1999 for the Series 1999 B Bonds, and the Loan Agreement between the Issuer and the Authority, acting on behalf of the Infrastructure Council, dated March 9, 1999 for the Notes. The rates and charges provide debt service coverage in excess of 115%.

WITNESS my signature as of this 9th day of March, 1999.

Philip R. Postlewait, Jr., CPA

CHASFS3:140199

LUBECK PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A AND SERIES 1999 B AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 9th day of March, 1999, by and between LUBECK PUBLIC SERVICE DISTRICT, WOOD COUNTY, WEST VIRGINIA, a public corporation (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $7,950,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A (the "Series 1999 A Bonds"), in the form of one bond, numbered AR-1; its $2,000,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B (the "Series 1999 B Bonds," and together with the Series 1999 A Bonds, the "Bonds"), in the form of one bond, numbered BR-1; and its $16,550,000 Lubeck Public Service District Sewerage System Bond Anticipation Notes, numbered R-1, Series 1999 (the "Notes"), in fully registered form pursuant to a Bond and Note Resolution duly adopted February 25, 1999, and a Supplemental Resolution adopted February 25, 1999 (collectively, the "Resolution");

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 Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Governmental Agency of a Registrar for the Bonds and the Notes; and

WHEREAS, the Governmental Agency desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution 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 Governmental Agency 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 and the Notes, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate,

register and deliver Bonds and Notes upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds and the Notes 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 Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Governmental Agency 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 Resolution 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 address:

GOVERNMENTAL AGENCY:

Lubeck Public Service District
P. O. Box 700
Washington, WV 26181-0700
Attention: James M. Cox, Manager

REGISTRAR:

One Valley Bank, National Association
P. O. Box 1793
Charleston, WV 25326
Attention: Corporate Trust

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds and the Notes in accordance with the Resolution.

IN WITNESS WHEREOF, LUBECK PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, 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.

LUBECK PUBLIC SERVICE DISTRICT

By _____
Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: _____
Charlotte S. Morgan, Assistant Vice President

CHASFS3:140206

EXHIBIT A

See Bond and Note Resolution (Tab No. 7)
See Supplemental Resolution (Tab No. 8)

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

One Valley Bank, National Association, through its branch office in Lubeck, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Note Resolution of Lubeck Public Service District, duly adopted on February 25, 1999, and the Supplemental Resolution adopted February 25, 1999 (collectively, the "Resolution"), authorizing issuance of the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A, in the aggregate principal amount of $7,950,000, the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B, in the aggregate principal amount of $2,000,000, and the Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999, in the aggregate principal amount of $16,550,000, each dated March 9, 1999 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank, all as set forth in said Resolution.

Witness my signature as of the 9th day of March, 1999.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
Its Authorized Officer

CHASFS3:140216

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS AND NOTES

March 9, 1999

Charlotte S. Morgan, Assistant Vice President
One Valley Bank, National Association
P. O. Box 1793
Charleston, WV 25326

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $7,950,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A, in the form of one bond numbered AR-1, the $2,000,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B, in the form of one bond numbered BR-1, and the $16,550,000 Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999, in the form of one bond numbered R-1 (collectively, the "Bonds") of Lubeck Public Service District (the "Issuer"), authorized to be issued under and pursuant to the Bond and Note Resolution, duly adopted by the Public Service Board (the "Board") of the Issuer on February 25, 1999, and a Supplemental Resolution adopted by the Board on February 25, 1999 (collectively, the "Resolution").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

LUBECK PUBLIC SERVICE DISTRICT

By _____
Chairman

(SEAL)

Attest:

_____
Secretary

CHASFS3:140220

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

CERTIFICATE OF REGISTRATION OF BONDS AND NOTES

I, Charlotte S. Morgan, Assistant Vice President of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 9th day of March, 1999, the following bond(s) and/or note(s) were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, as Registrar:

(1) the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A, issued in the principal amount of $7,950,000, dated as of the date hereof and numbered AR-1;

(2) the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B, issued in the principal amount of $2,000,000, dated as of the date hereof and numbered BR-1; and

(3) the Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999, issued in the principal amount of $16,550,000, dated as of the date hereof and numbered R-1.

WITNESS my signature as of the 9th day of March, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION
as Registrar

By: Charlotte S Morgan
Charlotte S. Morgan, Assistant Vice President

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

RECEIPT FOR BONDS AND NOTES

The undersigned, Daniel B. Yonkosky, Director of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 9th day of March, 1999, in Charleston, West Virginia, the Authority received the entire original issue of $7,950,000 in aggregate principal amount of the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A dated the 9th day of March, 1999, issued in the form of one bond, fully registered to the Authority, and numbered AR-1.

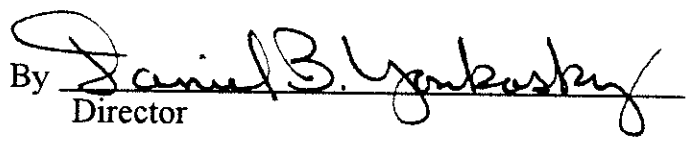
2. On the 9th day of March, 1999, in Charleston, West Virginia, the Authority received the entire original issue of $2,000,000 in aggregate principal amount of the Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B dated the 9th day of March, 1999, issued in the form of one bond, fully registered to the Authority, and numbered BR-1.

3. On the 9th day of March 1999, in Charleston, West Virginia, the Authority received the entire original issue of $16,550,000 in aggregate principal amount of the Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999 dated the 9th day of March, 1999, issued in the form of one note, fully registered to the Authority, and numbered R-1.

4. At the time of receipt of each series of Bonds and Notes, they had been executed by James E. Smith, as Chairman of Lubeck Public Service District (the "District"), by manual signature, and attested by Charles H. Huffman, as Secretary of the District, by manual signature, and the official seal of said District had been impressed upon each Bond and Note.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 9th day of March, 1999.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By 
Director

CHASFS3:140227

LUBECK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1999 A AND SERIES 1999 B AND
SEWERAGE SYSTEM BOND
ANTICIPATION NOTES, SERIES 1999

RECEIPT FOR BOND AND NOTE PROCEEDS

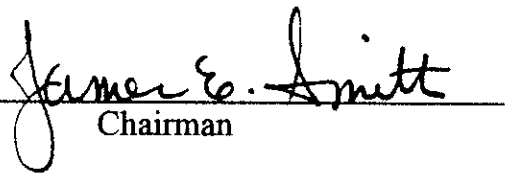
The undersigned James E. Smith, Chairman of the Lubeck Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $7,950,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A (the "Series 1999 A Bonds"), of $712,454, being more than a de minimis portion of the purchase price of the Series 1999 A Bonds. The District understands that the remaining proceeds will be advanced to the District from time to time as construction proceeds to completion.

2. The District has received and hereby acknowledges receipt from the Authority, as original purchaser of the $2,000,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B (the "Series 1999 B Bonds"), of $1,758,389, being more than a de minimis portion of the purchase price of the Series 1999 B Bonds. The District understands that the remaining proceeds will be advanced to the District from time to time as construction proceeds to completion.

IN WITNESS WHEREOF, Lubeck Public Service District has caused this receipt to be executed by its Chairman on this 9th day of March, 1999.

LUBECK PUBLIC SERVICE DISTRICT

By 
Chairman

CHASFS3:140230

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: $712,454.00

WARRANT #: 4-2320351
DATE: 03/08/99

TRANSACTION ID	INVOICE NUMBER &	PAYEE REFERENCE	INVOICE DATE	PURCHASE ORDER	AMOUNT
I003677730 1,	C544-072				$712,454.00

If you have questions concerning the above, please call 304-759-0507.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL#1574052

THIS CHECK HAS MULTIPLE SECURITY FEATURES TO DETER FRAUD AND COUNTERFEITING
VOID UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

State of West Virginia

STATE CAPITOL, CHARLESTON

WARRANT # 4-2320351

MARCH 08, 1999

PAY TO THE ORDER OF LUBECK PSD

4-2320351

**********$712,454.00**

WEST VIRGINIA TREASURY

STATE TREASURER

AUDITOR

⑈4232035⑈ ⑆051902322⑆ 999310⑈6⑈

$1,758,389 wired to Lubeck's Account

DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

CECIL H. UNDERWOOD
GOVERNOR

JOHN E. CAFFREY
DIRECTOR

October 9, 1998

OCT 1998
RECEIVED

James Cox, Manager
Lubeck Public Service District
P.O. Box 700
Washington, WV 26181-0700

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0032590
Modification No. 1

Dear Mr. Cox:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0032590 issued the 31st day of October 1997.

After reviewing your permit and your application for Modification No. WV0032590-A dated the 29th day of April 1998, the above referenced permit is hereby modified to include the installation, acquisition, construction, operation and maintenance of: a new 1.5 MGD sewage collection and treatment system consisting of approximately 65,200 linear feet of six (6) inch gravity sewer line, 116,600 linear feet of eight (8) inch gravity sewer line, 6,900 linear feet of 10 inch gravity sewer line, 9,100 linear feet of 12 inch gravity sewer line, 3,000 linear feet of 15 inch gravity sewer line, 1,100 linear feet of 16 inch gravity sewer line, 11,400 linear feet of 24 inch gravity sewer line, 3,000 linear feet of 27 inch gravity sewer line, 3,600 linear feet of 30 inch gravity sewer line, approximately 912 manholes, three (3) lift stations, 2,800 linear feet of four (4) inch force main, 14,600 linear feet of 16 inch force main, 2,700 linear feet of 18 inch force main, and a 1.5 MGD treatment facility consisting of a mechanical bar screen, a grit removal unit, two (2) 700,000 gallon oxidation ditches, two (2) 251,000 gallon clarifiers, a 56 bulb ultraviolet (UV) light disinfection unit, a 270,000 gallon aerobic digester, a 1.5 meter belt filter press, a continuous effluent flow meter, and all other necessary appurtenances.

The new system is designed to serve 15,000 persons or equivalents in the Lubeck PSD and discharge treated wastewater to the Ohio River through the new Outlet No. 016. The coordinates of the new treatment plant effluent discharge are as follows:
Latitude: 39° 13' 20" N Longitude: 81° 41' 19" W

Upon the completion of the new wastewater treatment system, the new system shall replace 13 existing "package" wastewater treatment facilities operated by the Lubeck PSD.

The information submitted on and with Permit Modification Application No. WV0032590-A dated the 29th day of April 1998 along with the plans and specifications approved by the Construction Assistance Branch on the 6th day of July 1998 is all hereby made terms and conditions of this Permit with like effect as if all such permit modification application information was set forth herein.

SEWAGE COLLECTION AND TREATMENT FACILITIES TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:
Date Approved: July 6, 1998
Prepared by: Burgess & Niple, Limited
4424 Emerson Avenue
Parkersburg, WV 26104

Title: Lubeck Public Service District
Wood County, West Virginia

Contract 98-1 - Wastewater Treatment Plant and Pump Stations Project
Contract 98-3 through 98-9 - Wastewater Collection System

The City shall complete this plant construction project and begin to meet final permit discharge limitations on or before 20 months.

Find enclosed additional pages 19A of 29 and 19B of 29; revised page 20 of 29; and additional Discharge Monitoring Reports. The additional pages and DMRs shall be incorporated into this permit. Also, the revised page shall replace the page currently found in your existing permit.

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Very truly yours,

OFFICE OF WATER RESOURCES

Barbara S. Taylor
Chief

BST/rb

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM
Date of Report: March 9, 1999

ISSUE: $7,950,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999A
ADDRESS: P.O. Box 700, Washington, WV 26181 COUNTY: Wood
PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: March 9, 1999 CLOSING DATE: March 9, 1999
ISSUE AMOUNT: $7,950,000 RATE: 0% / 1% Admin. Fee
1st DEBT SERVICE DUE: 6/01/2001 1st PRINCIPAL DUE: 6/01/2001
1st DEBT SERVICE AMOUNT: $99,375.00 PAYING AGENT: WV Municipal Bond Commission

ISSUERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Christopher Callas, Esquire
Phone: (304) 340-1251

UNDERWRITERS
BOND COUNSEL: _____
Contact Person: _____
Phone: _____

(DEPOSITORY)
CLOSING BANK: One Valley Bank, NA, Parkersburg
Contact Person: Francis V. Fought
Phone: (304) 424-7275

ESCROW TRUSTEE: _____
Contact Person : _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: James Cox
Position: Manager
Phone: (304) 863-3341

OTHER: One Valley Bank, NA
Contact Person: Charlotte Morgan
Function: Registrar
Phone: (304) 348-7239

DEPOSITS TO MBC AT CLOSE:
By _____ Wire
_____ Check(s)

_____ 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: _____

60560

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM
Date of Report: March 9, 1999

ISSUE: $2,000,000 Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999B
ADDRESS: P.O. Box 700, Washington, WV 26181 COUNTY: Wood
PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: March 9, 1999 CLOSING DATE: March 9, 1999
ISSUE AMOUNT: $2,000,000 RATE: 0%
1st DEBT SERVICE DUE: 6/01/2001 1st PRINCIPAL DUE: 6/01/2001
1st DEBT SERVICE AMOUNT: $13,158.00 PAYING AGENT: WV Municipal Bond Commission

ISSUERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Christopher Callas, Esquire
Phone: (304) 340-1251

UNDERWRITERS
BOND COUNSEL: _____
Contact Person: _____
Phone: _____

(DEPOSITORY)
CLOSING BANK: One Valley Bank, NA, Parkersburg
Contact Person: Francis V. Fought
Phone: (304) 424-7275

ESCROW TRUSTEE: _____
Contact Person : _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: James Cox
Position: Manager
Phone: (304) 863-3341

OTHER: One Valley Bank, NA
Contact Person: Charlotte Morgan
Function: Registrar
Phone: (304) 348-7239

DEPOSITS TO MBC AT CLOSE:
By _____ Wire
_____ Check(s)

_____ 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: _____

60560

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM
Date of Report: March 9, 1999

ISSUE: $16,550,000 Lubeck Public Service District Sewerage System Bond Anticipation Note, Series 1999
ADDRESS: P.O. Box 700, Washington, WV 26181 COUNTY: Wood
PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: March 9, 1999 CLOSING DATE: March 9, 1999
ISSUE AMOUNT: $7,950,000 RATE: 0%
1st DEBT SERVICE DUE: 6/01/2001 1st PRINCIPAL DUE: 6/01/2001
1st DEBT SERVICE AMOUNT: $100.00 PAYING AGENT: WV Municipal Bond Commission

ISSUERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Christopher Callas, Esquire
Phone: (304) 340-1251

UNDERWRITERS
BOND COUNSEL: _____
Contact Person: _____
Phone: _____

(DEPOSITORY)
CLOSING BANK: One Valley Bank, NA, Parkersburg
Contact Person: Francis V. Fought
Phone: (304) 424-7275

ESCROW TRUSTEE: _____
Contact Person : _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: James Cox
Position: Manager
Phone: (304) 863-3341

OTHER: One Valley Bank, NA
Contact Person: Charlotte Morgan
Function: Registrar
Phone: (304) 348-7239

DEPOSITS TO MBC AT CLOSE:
By _____ Wire
_____ Check(s)

_____ 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: _____

60560

The Parkersburg News
The Parkersburg Sentinel
Marietta A.M.

REVIEWED FOR PAYMENT
MGR. Brian K. Arthur
COMM.
ACCT. 918.10

RECEIVED JAN 13 1998

[LUBECK P.S.D.
P.O. BOX 700
WASHINGTON, WV 26181-0700
[ ]

Date: Jan. 7, 1998
Acct: L00266

INVOICE/AFFIDAVIT FOR LEGAL ADVERTISING

JANICE RUBLE
being first duly sworn, says that the "..NOTICE..OF..REFILING"..... hereto attached was printed in the:

XX... Parkersburg News
XX..... Parkersburg Sentinel
..... **Marietta A.M.***

daily newspaper published in the City of Parkersburg, Wood County, West Virginia, and posted at the front door of the Court House for ..two..... successive weeks, the first publication and posting thereon being on the: .....31..... day(s) of .....Dec..... 19 ..97.., and subsequent publication on the .....7..... day(s) of .....Jan..... 19 ...98... .

News -- 3½ " x 103 = 322.39 words @ .144375 $ 46.55
Sent -3½ " x 103 = 322.39 words @ .144375 $ 46.55
*A.M. – ..... " x 4.52 x ..... = $ .....

Total Printer's Fee : $ 93.10

DR

Subscribed and sworn to before me this ...7... day of ....Jan..... 19 ..98..

.....Melani Zyla.....
Notary Public for Wood County, West Virginia

My commission expires .....3-23-04.....

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
MELANI ZYLA
1529-19th STREET PARKERSBURG, WV 26101
MY COMMISSION EXPIRES MAR. 23, 2004

Please return a copy of this invoice with your payment to:
PO Box 1787, Parkersburg WV 26102 Attn: Legal Advertising

LEGAL ADVERTISEMENTS

NOTICE OF PREFILING
LUBECK PUBLIC SERVICE DISTRICT
PROPOSED WASTEWATER RATES FOR CENTRAL SEWER PROJECT

The Lubeck Public Service District has prefiled with the Public Service Commission of West Virginia an application for a certificate of convenience and necessity. Said application shall convert to a formal filing on or after January 31, 1998. The prefiling covers the construction of a wastewater treatment plant, lift stations, sewer lines and appurtenances at a cost not to exceed $30,000,000.00 serving approximately 710 existing and 1200 additional customers in the Lubeck Public Service District boundaries.

The amount of money to be borrowed to fund this project will not exceed $30,000,000 at an interest rate not to exceed Ten Percent for up to a 40 year term. Sources of funds include, but are not limited to, the West Virginia Infrastructure and Jobs Development Council, the Division of Environmental Protection State Revolving Loan Fund, the West Virginia Water Development Authority, and any other sources which may be available.

The rates charged for this project shall not exceed $45.00 for a 4,500 gallon average bill comprised of a monthly customer charge and a flow charge based on gallons of water used.

A complete copy of this filing, as well as a representative of the District to provide any information requested concerning it, is available to all customers, prospective customers or their agents at the office of the Lubeck Public Service District, State Route 892 below Walnut Grove Subdivision, Washington, West Virginia.

A copy of this tariff is also available for public inspection at the Office of the Secretary of the PUBLIC SERVICE COMMISSION at 201 Brooks Street, Charleston, West Virginia 25328.

December 31, January 7 N.S.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WOOD
LUBECK PUBLIC SERVICE DISTRICT
1992 SEWER REVENUE BOND

RECEIPT OF PAYMENT OF BOND

United National Bank, Parkersburg, as holder of the 1992 Sewer Revenue Bond (the "Series 1992 Bonds"), of Lubeck Public Service District (the "District"), dated November 2, 1992, in the original principal amount of $130,000 and currently outstanding in the amount of $75,193.43 for the Series 1992 Bonds, hereby acknowledges receipt of an amount sufficient to pay the entire outstanding principal and interest of the Series 1992 Bonds and discharges the liens, pledges and encumbrances securing the Series 1992 Bonds.

Dated this 9th day of March, 1999.

UNITED NATIONAL BANK, PARKERSBURG

By: Gary L. Turner

Its: Senior Vice President

CHASFS3:141287

Lubeck

5

69-35/519

Date :3/9/99

Pay to the Order of United National Bank $ 75,193.43

Seventy five thousand one hundred ninety three and 43/100* Dollars

ONE VALLEY BANK NA
Charleston, WV 25326

For 1992 Sewer Bond Repayment

:051900353: 0001673434"

WDA-4
NO. ~~C-540285-01~~

RECEIVED
APR 19 1976
WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

1. LOAN RECIPIENT (NAME AND ADDRESS): COUNTY: ~~Wood~~

Sanitary Board of the City of Parkersburg
125-19th Street
Parkersburg, WV 26101

2. LOAN RECIPIENT REPRESENTATIVE (NAME, TITLE, ADDRESS AND TELEPHONE):

Honorable William P. A. Nicely
Mayor and Chairman
Sanitary Board of the City of Parkersburg
125-19th Street
Parkersburg, WV 26101

CANCELLED
PAID IN FULL
DATE: 3.9.1999
BY Barbara B Meadows/CPA

3. LOAN PAYEE (NAME, TITLE AND ADDRESS):

Sanitary Board of the City of Parkersburg
125-19th Street
Parkersburg, WV 26101

4. APPROVED AMOUNT OF LOAN: $ ~~40,325~~

5. PAYMENTS: PAYMENTS WILL BE INITIATED BY THE WATER DEVELOPMENT AUTHORITY UPON RECEIPT (VIA DIVISION OF WATER RESOURCES, DEPARTMENT OF NATURAL RESOURCES) OF A COPY OF THE US EPA APPROVAL OF GRANT PAYMENT, WQO-4020-6, IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE US EPA.

ALL LOANS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS.

6. TYPE OF ACTIVITY FOR WHICH LOAN FUNDS ARE TO BE USED:

The Step I project consists of the preparation of a facilities planning study for a sewage system to serve the City of Parkersburg and certain defined portions of the surrounding area, Wood County, West Virginia.

7. TOTAL COSTS $ 161,300

ELIGIBLE COSTS $ 161,300

FEDERAL (US EPA) GRANT AMOUNT $ 120,970
(% OF ELIGIBLE COSTS 75)

STATE (WDA) LOAN AMOUNT $ 40,325
(% OF ELIGIBLE COSTS 25)

8. LOAN OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A LOAN TO Sanitary Board of the City of Parkersburg FOR 25 PERCENT OF ALL APPROVED ELIGIBLE COSTS, SUCH LOAN NOT TO EXCEED $ 40,325 FOR SUPPORT OF COSTS DESCRIBED IN ITS APPLICATION AND LOAN AGREEMENT.

RECIPIENT ORGANIZATION AGREES THAT THE LOAN AND SERVICE CHARGE SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS DEVELOPED. IN THE EVENT THE STEP I PROJECT SCOPE CONSISTS OF MORE THAN ONE GOVERNMENTAL AGENCY, EACH GOVERNMENTAL AGENCY SHALL BE REQUIRED TO PAY ITS RESPECTIVE SHARE OF THE TOTAL PARTICIPATION CHARGE.

LOAN AND SERVICE CHARGE. THE LOAN PROVIDED TO THE RECIPIENT ORGANIZATION IS A NO-INTEREST LOAN REPRESENTING 25 PERCENT OF A TOTAL ELIGIBLE PROJECT COST. THE SERVICE CHARGE IS SET AT ONE PERCENT (1%) OF THE VALUE OF THE LOAN.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT WHICH BECOMES THE OBLIGATION OF THE OTHER PARTY UNDER THE PROVISIONS OF THIS AGREEMENT SHALL BE REPAID IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS LOAN AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL LOAN REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540285-01 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Sanitary Board of the City of Parkersburg OFFERED ON March 5, 1976, AND ACCEPTED ON March 19, 1976.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: Edgar N. Henry

DATE: April 1, 1976

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 1st DAY OF April, 19 76.

NOTARY: Barbara A. Butcher

MY COMMISSION EXPIRES: January 3, 1984

10. A. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Honorable William P. A. Nicely, Mayor (Payee)

TITLE: Chairman, Sanitary Board of the City of Parkersburg

SIGNATURE: [signature]

DATE: April 5, 1976

STATE OF WEST VIRGINIA, COUNTY OF Wood.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 5 DAY OF April, 19 76.

NOTARY: Sherman K. Sarta

MY COMMISSION EXPIRES: May 5, 1979

O. B. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Curtis M. Uhl

TITLE: City of Vienna, Mayor

SIGNATURE: Curtis M. Uhl

DATE: 4/12/76

STATE OF WEST VIRGINIA, COUNTY OF Wood.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 12th DAY OF April, 1976.

NOTARY: Mary Lou Pierce

MY COMMISSION EXPIRES: September 24, 1983

O. C. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: PAUL F. SOMERVILLE

TITLE: Lubeck Public Service District

SIGNATURE: Paul F. Somerville

DATE: April 9, 1976

STATE OF WEST VIRGINIA, COUNTY OF Wood.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 9 DAY OF April, 1976

NOTARY: James D. McMenamin

MY COMMISSION EXPIRES: 6-14-84

NOTE: THE LOAN AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE LOAN OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE WDA SIGNEE.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WEST VIRGINIA 25064.

ADDENDUM TO WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY LOAN AGREEMENT

It is further understood by and between the parties to the loan agreement hereto attached that the Sanitary Board of the City of Parkersburg, the City of Vienna and the Lubeck Public Service District of Wood County, West Virginia, have entered into an agreement bearing the date of the 16th day of October, 1975, making the Sanitary Board of the City of Parkersburg the governmental body sponsoring the necessary applications involved in a regional study of wastewater treatment facilities;

It is further understood by and between the parties hereto that it is necessary and expedient for each of these governmental bodies to secure funds from the West Virginia Water Development Authority for the local shares of the regional study; and,

It is further understood by and between the parties hereto that the Water Development Authority loan in the amount of $40,325 as shown on pages one and two of the attached loan agreement, is to be broken into the following amounts representing local shares of Step I costs:

Sanitary Board of the City of Parkersburg	56.17%	$22,649
Lubeck Public Service District	25.89%	$10,441
City of Vienna	17.94%	$ 7,235
TOTAL	100.00%	$40,325

It is further understood by and between the parties hereto that the Sanitary Board of the City of Parkersburg (Payee), in applying for this loan, is acting as agent for the Lubeck Public Service District of Wood County, West Virginia, and for the City of Vienna, Wood County, West Virginia, and that the sole responsibility for the repayment of the Lubeck Public Service District's share and the City of Vienna's share shall be upon the said Lubeck Public Service District and the said City of Vienna and not upon the Sanitary Board of the City of Parkersburg.

It is further understood that the above prorated shares are the basic loan amounts and are subject to the 1% service charge to be added thereto upon repayment of such loans.

ENH:bb
April 1, 1976

RECEIVED
APR 19 1976
WATER DEVELOPMENT AUTHORITY

Adopted May 28, 1974.

R E S O L U T I O N

WHEREAS, The Parkersburg Sanitary Board requests the City to appoint a project representative, in accordance with federal requirements, to make application to the United States Environmental Protection Agency for federal funding for the purpose of sanitary sewer construction.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG, That the Council endorse and approve the pending project for planning and construction of sanitary sewers and accordingly make application to the United States Environmental Protection Agency for all funds for which the City may be eligible to receive under provisions of the federal law for such planning and construction of sewerage facilities being planned by the Parkersburg Sanitary Board, and that the City take all lawful acts necessary and proper in connection with such application, and that William P. A. Nicely, Mayor of the City of Parkersburg, be designated as the City representative for said project, and that he be authorized to act for and on behalf of the City of Parkersburg as may be necessary to comply with all of the rules and regulations pertaining thereto.

C E R T I F I C A T I O N

I, Gladys James, City Clerk of the City of Parkersburg, West Virginia, do hereby certify that the foregoing is a true and accurate copy of a resolution adopted by the Council of the City of Parkersburg, West Virginia, as same appears of record in the office of the City Clerk, being recorded in Council Journal No. 37, Page 391, and documented as No. A-2716.

Given under my hand and the seal of the City of Parkersburg, West Virginia, this 5th day of August, 1975.

Gladys James
City Clerk

RECEIVED
APR 19 1976
WATER DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE SANITARY BOARD OF THE CITY OF PARKERSBURG

November 19, 1975

Pursuant to the call of its Chairman, William P. A. Nicely, The Sanitary Board of The City of Parkersburg met at the office of The Sanitary Board, 125 19th Street, in said City, on the 19th day of November, 1975.

There were present at said meeting the following:

Robert L. Parsons, Vice Chairman
Carle L. Lewis, Board Member
James W. Simonton, Board Attorney
Clarence Cox, Jr., Superintendent
Sherman K. Sartor, Sec.-Treas.

The minutes of the previous meetings held September 11, 1975, October 22, 1975, and November 12, 1975 were read, and, by motion duly made, seconded, and carried, were approved as read.

The financial statement for the period ending October 31, 1975 was discussed and approved.

Thereupon, the following statements were submitted for consideration and approval to be paid from the Sanitary Board Operation and Maintenance Account:

Crow Construction & Equipment Co.	
Boring on WVDOH Project U-282(78)	$ 3,216.00
C. I. Thornburg Co., Inc.	
Steel Pipe & Fittings on WVDOH Project U-282(78)	1,481.36
Monongahela Power Co. - So. Pksbg. Pump Station	536.11
Monongahela Power Co. - 6th St. Pump Station	1,206.06
City of Parkersburg-Water Works	
Billing & Collecting Expense for October 1975	2,012.88
City of Parkersburg-General Fund	
Computer Billing for October 1975, 4,880 @ $.125	610.00
P. B. & S. Chemical Co. - Chlorine	1,680.00
Total	$10,742.41

Thereupon, by motion duly made, seconded, and carried, these statements were approved for payment.

The report on conditions surrounding sewer right-of-way on Mr. Harry Taylor's Lot #44, Nicely and Nicely Addition, was incomplete and was deferred until the next meeting.

A report of findings of State Compensation charges and changes was deferred until the next meeting.

The following Resolution was moved, seconded, and adopted:

RESOLUTION

It is the desire of the Parkersburg Sanitary Board, the City of Vienna, and the Lubeck Public Service District to utilize available Federal funding to substantially finance the upcoming Regional Waste Water Management Study. According to the terms of the Agreement for a Regional Waste Water Management Study, dated October 16, 1975 and signed by representatives of the above referenced agencies, the Parkersburg Sanitary Board hereby authorizes its Chairman to sign the Step I Grant Application as prepared by Kelley, Gidley, Blair & Wolfe, Inc. and dated November, 1975.

The Board was informed of a meeting of affected parties relative to consolidation of the Water Department and the Sanitary Board. The meeting is tentatively set to be held the evening of December 8, 1975. The time and place are to be announced later.

There being no further business to come before the meeting, upon motion duly made, seconded, and carried, the meeting was adjourned.

Sherman K. Sartor Sherman K Sartor
Sec.-Treas.

I, Sherman K. Sartor, Secretary-Treasurer of The Sanitary Board of The City of Parkersburg, West Virginia, do hereby certify that the foregoing is a true and accurate copy of the minutes of the November 19, 1975 meeting of The Sanitary Board of The City of Parkersburg, West Virginia, as same appears of record in the office of the Parkersburg Sanitary Board.

Given under my hand this 5th day of April, 1976.

Sherman K Sartor
Secretary-Treasurer

WDA-4
NO. C-540303-02

RECEIVED
OCT 1 1979
WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

1. LOAN RECIPIENT (NAME AND ADDRESS):

COUNTY: Wood

Lubeck PSD
Box 7
Washington, WV 26181

2. LOAN RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Paul Somerville, Chairman
Lubeck PSD
Box 7
Washington, WV 26181

10-86: Loan reduced by $100,000.
New total $191,665.

3. LOAN PAYEE (NAME AND ADDRESS):

Lubeck PSD
Box 7
Washington, WV 26181

CANCELLED
PAID IN FULL
DATE: 3.9.1999
BY Barbara B Meadows EPA

4. APPROVED AMOUNT OF LOAN: $ 291,665

5. PAYMENTS WILL BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL LOANS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1980, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH LOAN FUNDS ARE TO BE USED:

The Step II project consists of the preparation of construction plans and specifications for a collector/interceptor system consisting of 357,000 LF of gravity sewers and 22,800 LF of force main and four pumping stations. Wastes will be treated by the City of Parkersburg.

7. TOTAL COSTS $ 1,186,664

ELIGIBLE COSTS $ 1,166,660

FEDERAL (US EPA) GRANT AMOUNT
(% OF ELIGIBLE COSTS 75) $ 874,990

STATE (WDA) LOAN AMOUNT
(% OF ELIGIBLE COSTS 25) $ 291,665

8. LOAN OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A LOAN TO Lubeck PSD FOR UP TO 25 PERCENT OF ALL APPROVED ELIGIBLE COSTS, SUCH LOAN NOT TO EXCEED $ 291,665 FOR SUPPORT OF COSTS DESCRIBED IN THIS LOAN AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT. RECIPIENT ORGANIZATION AGREES THAT THE LOAN AND SERVICE CHARGE SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS, OR ANY PORTION THEREOF, DEVELOPED THEREFOR OR THREE YEARS AFTER AWARD OF THE STEP I LOAN OR TWO YEARS AFTER AWARD OF THE STEP II LOAN, WHICHEVER OCCURS FIRST. IF A PUBLIC ENTITY FAILS TO MEET ITS PAYMENT DEADLINES, IT MAY APPEAL TO THE WATER DEVELOPMENT BOARD FOR AN EXTENSION OF TIME; AND, IF THE DELAY IS JUSTIFIED IN THE OPINION OF THE BOARD, A TIME EXTENSION WILL BE GRANTED.

IN THE EVENT THE STEP I PROJECT SCOPE CONSISTS OF MORE THAN ONE GOVERNMENTAL AGENCY, EACH GOVERNMENTAL AGENCY SHALL BE REQUIRED TO PAY ITS RESPECTIVE SHARE OF THE TOTAL PARTICIPATION CHARGE.

LOAN AND SERVICE CHARGE. THE LOAN PROVIDED TO THE RECIPIENT ORGANIZATION IS A NO-INTEREST LOAN REPRESENTING UP TO 25 PERCENT OF A TOTAL ELIGIBLE PROJECT COST. THE SERVICE CHARGE IS SET AT ONE PERCENT (1%) OF THE VALUE OF THE LOAN.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT SHALL BE REPAID IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS LOAN AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL LOAN REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540303-02 CONSUMMATED BETWEEN THE ENVIRONMENTAL PROTECTION AGENCY AND Lubeck PSD OFFERED ON November 20, 1978, AND ACCEPTED ON December 13, 1978.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: Edgar N. Henry

DATE: September 14, 1979

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 14th DAY OF September, 1979.

NOTARY: Barbara A. Butcher

MY COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Paul Somerville

TITLE: Chairman, Lubeck PSD

SIGNATURE: Paul F. Somerville

DATE: September 28, 1979

STATE OF WEST VIRGINIA, COUNTY OF Wood.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 28th DAY OF September, 1979.

NOTARY: Betty Mather

MY COMMISSION EXPIRES: May 6, 1984

NOTE: THE LOAN AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE LOAN OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WEST VIRGINIA 25064.

WHEREAS, the City of Vienna, the Sanitary Board of the City of Parkersburg, and Lubeck Public Service District, have completed Step I of the Regional Waste Water Treatment Facility by completion of the "Facility Plan, Cities of Parkersburg and Vienna, and Lubeck Public Service District, February, 1978", and,

WHEREAS, all of said parties have determined that Alternative 2 as set forth in said Facility Plan is the most cost effective method of providing regional waste water treatment for this area, which alternative has been heretofore approved by the Lubeck Public Service District and the participating bodies, and,

WHEREAS, it is now necessary to proceed to Step II for the preparation of plans, specifications and necessary engineering in order to implement said Facility Plan.

BE IT THEREFORE RESOLVED: that the Application of Lubeck Public Service District to provide funds from the United States Environmental Protection Agency for Step II be, and the same is hereby approved, and the Chairman of said District be and he is hereby authorized and directed to execute the same on behalf of Lubeck Public Service District, to be attested by the Secretary of said District, and that the same be filed with the West Virginia Department of Natural Resources and the United States Environmental Protection Agency.

BE IT FURTHER RESOLVED that the Agreement of Intent, dated April 27, 1978, between the said Sanitary Board of the City of Parkersburg, Lubeck Public Service District, and the City of Vienna be, and the same if hereby approved and the Chairman of said District be and he is hereby authorized and directed to execute the same on behalf of said District and to be attested by its Secreta

BE IT FURTHER RESOLVED that the Chairman be and he is hereby designated and appointed as the authorized representative of Lubeck Public Service District to sign all applications, assurances, certifications and documents necessary or convenient in connection with the Step II phase of the said Facility Plan.

Authorized by the Lubeck Public Service District Board of Supervisors, as of May 11, 1978, effective immediately.

Paul F. Somerville

Paul F. Somerville, Chairman

Larry E. Highland

Larry E. Highland, Member

James E. Smith

James E. Smith, Member-Secretary

WHEREAS, Lubeck Public Service District has authorized the preparation of an application for a federal grant from the United States Environmental Protection Agency and supplemental grants and loans from the West Virginia Water Development Authority for the construction of wastewater collection and treatment facilities, which applications, together with attached exhibits, have been prepared and submitted to Lubeck Public Service District,

BE IT THEREFORE RESOLVED, That said applications, together with the exhibits attached thereto, be and the same are hereby approved.

BE IT FURTHER RESOLVED that Paul F. Somerville, President, be and he is hereby designated and appointed as the authorized representative of Lubeck Public Service District to sign said applications on behalf of said District and to sign all assurances, certifications and documents necessary or convenient in connection therewith.

Paul F. Somerville, chairman

Ray E. Highland

James E. Smith, Secretary

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MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

3.1(a)

March 9, 1999

West Virginia Division of Environmental
Protection
Division of Water Resources
617 Broad Street
Charleston, WV 25301

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

Re: Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 A

Ladies and Gentlemen:

We are bond counsel to Lubeck Public Service District (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated December 29, 1998, including all schedules and exhibits attached thereto, by and among the Local Government, the West Virginia Division of Environmental Protection and the West Virginia Water Development Authority (the "Authority") for the above-referenced bonds (the "Loan Agreement") and (ii) the issue of a series of revenue bonds of the Local Government, dated March 9, 1999 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $7,950,000, issued in the form of one bond registered as to principal to the Authority, with the principal payable March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2001, and shall bear no interest, all as set forth in "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 purpose of paying a portion of the costs of the acquisition and construction of certain additions, extensions, betterments and improvements to the existing wastewater collection and treatment system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A, and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and note resolution duly adopted by the Local Government on February 25, 1999 and a supplemental resolution duly adopted by the Local Government on February 25, 1999 (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 Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

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

3. The Local Government is a duly organized and presently existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Government has legally and effectively enacted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Bonds. 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 are valid and legally enforceable special obligations of the Local Government, payable from the net revenues of the System referred to in the

Local Act on a parity with the Local Government's Series 1999 B Bonds issued simultaneously herewith and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision, or agency thereof.

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 executed and authenticated Local Bond numbered AR-1 and in our opinion the form of said bond and its execution and authentication is regular and proper.

Very truly yours,

Jackson & Kelly PLLC

CHASFS3:141087

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MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

3.1(b)

March 9, 1999

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

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, WV 25301

Re: Lubeck Public Service District Sewerage System Revenue Bonds, Series 1999 B

Ladies and Gentlemen:

We are bond counsel to Lubeck Public Service District (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated March 9, 1999, including all schedules and exhibits attached thereto, by and between the Local Government and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") for the above-referenced bonds (the "Loan Agreement") and (ii) the issue of a series of revenue bonds of the Local Government, dated March 9, 1999 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $2,000,000, issued in the form of one bond registered as to principal to the Authority, with the principal payable March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2001, and shall bear no interest, all as set forth in "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 purpose of paying a portion of the costs of the acquisition and construction of certain additions, extensions, betterments and improvements to the existing wastewater collection and treatment system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A, and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and note resolution duly adopted by the Local Government on February 25, 1999 and a supplemental resolution duly adopted by the Local Government on February 25, 1999 (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 Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority, acting on behalf of the Infrastructure Council, and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Local Government without the consent of the Authority, acting on behalf of the Infrastructure Council.

3. The Local Government is a duly organized and presently existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Government has legally and effectively enacted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Bonds. 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 are valid and legally enforceable special obligations of the Local Government, payable from the net revenues of the System referred to in the Local Act on a parity with the Local Government's Series 1999 A Bonds issued simultaneously herewith and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision, or agency thereof.

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 executed and authenticated Local Bond numbered BR-1 and in our opinion the form of said bond and its execution and authentication is regular and proper.

Very truly yours,

Jackson & Kelly PLLC

CHASFS3:141092

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MEMBER OF LEX MUNDI,
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OF INDEPENDENT LAW FIRMS

3.1(c)

March 9, 1999

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

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, WV 25301

Re: Lubeck Public Service District Sewerage System Bond Anticipation Notes, Series 1999

Ladies and Gentlemen:

We are bond counsel to Lubeck Public Service District (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated March 9, 1999, including all schedules and exhibits attached thereto, by and between the Local Government and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") for the above-referenced notes (the "Loan Agreement") and (ii) the issue of a series of bond anticipation notes of the Local Government, dated March 9, 1999 (the "Local Notes"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Notes are in the principal amount of $16,550,000, issued in the form of one note registered as to principal to the Authority, with the principal payable in annual installments of one hundred dollars on June 1 of each year beginning June 1, 2001, and with the entire outstanding principal sum payable in full on March 1, 2006, and shall bear no interest, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Notes.

The Local Notes are issued for the purpose of paying a portion of the costs of the acquisition and construction of certain additions, extensions, betterments and improvements to the existing wastewater collection and treatment system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A, and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and note resolution duly adopted by the Local Government on February 25, 1999 and a supplemental resolution duly adopted by the Local Government on February 25, 1999 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Notes are authorized and issued and the Loan Agreement has been undertaken.

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 Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority, acting on behalf of the Infrastructure Council, and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Local Government without the consent of the Authority, acting on behalf of the Infrastructure Council.

3. The Local Government is a duly organized and presently existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Notes, all under the Local Statute and other applicable provisions of law.

4. The Local Government has legally and effectively enacted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Notes. 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 Notes are valid and legally enforceable obligations of the Local Government, payable solely from proceeds of any additional sewerage system revenue bonds or refunding revenue bonds of the Local Government which may be issued for the Project, any additional grants (other than Infrastructure Council grants) which the Local Government may receive for the Project and any additional bond anticipation notes which the Local Government may issue upon maturity of the Local Notes. Money from these sources shall be deposited in the Series 1999 Notes Payment Fund established under the Local Act for the prompt payment of the principal of the Local Notes. If, on the fortieth anniversary of the date of issuance of the Local Notes, the Local Government has not (i) issued any additional sewerage system revenue bonds, refunding revenue bonds, or bond anticipation notes pursuant to the terms of the Local Act or (ii) received any additional grants (other than Infrastructure Council grants) for the Project, then the Infrastructure Council shall instruct the Authority to convert the outstanding principal amount of the Local Notes or other Notes then Outstanding to a grant and to cancel the Local Notes or other Notes then Outstanding; provided, that in no event shall an amount of the principal amount of the Local Notes greater than $8,600,000 be converted to a grant.

6. The Local Notes are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision, or agency thereof.

No opinion is given herein as to the effect upon enforceability of the Local 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 the executed and authenticated Local Note numbered R-1 and in our opinion the form of said note and its execution and authentication is regular and proper.

Very truly yours,

Jackson & Kelly PLLC

CHASFS3:141092

The Law Firm of

Ronning, Palmer & Titus

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Lawrence M. Ronning
David G. Palmer
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Associate
Christina J. Bush

March 9, 1999

Susan J. Riggs, Executive Secretary
West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

West Virginia Division of Environmental
Protection
Office of Water Resources
617 Broad Street
Charleston, West Virginia 25301

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

Jackson & Kelly PLLC
P. O. Box 553
Charleston, West Virginia 25322

Re: Lubeck Public Service District
$7,950,000 Sewerage System Revenue Bonds, Series 1999A
$2,000,000 Sewerage System Revenue Bonds, Series 1999B
$16,550,000 Sewerage System Bond Anticipation Notes, Series 1999

Ladies and Gentlemen:

I am counsel to Lubeck Public Service District, Wood County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Jackson & Kelly PLLC, as bond counsel, relating to the above-captioned bonds and notes of the Issuer (the "Bonds" and the "Notes"), the Loan Agreement by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP"), and the Issuer dated December 29, 1998, for the Series 1999 A

Bonds; the Loan Agreement by and between the Issuer and the Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") dated March 9, 1999, for the Series 1999 B Bonds, and the Loan Agreement by and between the Issuer and the Authority, acting on behalf of the Infrastructure Council dated March 9, 1999, for the Series 1999 Notes (collectively, the "Loan Agreements"); a Bond Resolution duly adopted by the Public Service Board (the "Board") of the Issuer on February 25, 1999, as supplemented by a Supplemental Resolution adopted on February 25, 1999, (collectively, the "Resolution"); and other documents relating to the Bonds and the Notes. Terms used and not otherwise defined in this opinion shall have the same meanings assigned to such terms in the Resolution.

I am of the opinion that:

1. The Loan Agreements have each been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Issuer in accordance with their terms.

2. The officers and members of the Board were duly and properly elected or appointed and are thereby authorized to act on behalf of the Issuer.

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

4. The execution and delivery of the Bonds, the Notes and the Loan Agreements and the consummation of the transactions contemplated by the Loan Agreements, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all the necessary permits, licenses, approvals and authorizations regarding the construction of the Project.

6. The Issuer has received from the Public Service Commission (the "PSC") a Recommended Decision dated July 31, 1998, which became the Final Order on August 11, 1998, in Case No. 98-0009-W-CN granting the Issuer a Certificate of Convenience and Necessity and approving financing thereof.

7. The Issuer's rates as approved by the PSC are in full force and effect.

8. The Issuer has the authority to pledge the Net Revenues to pay the debt service on the Bonds and to pay the operation and maintenance costs of the System.

9. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds and the Notes or the collection or pledge of the Revenues to the repayment of the Bonds.

10. The Issuer has made the required provisions for all insurance and payment and performance bonds required for the Project, and I have verified the accuracy of such insurance policies or binders and such bonds.

Very truly yours,

Lawrence M. Ronning
Attorney for Lubeck Public
Service District, Issuer

/aj

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P. O. Box 553
Charleston, West Virginia 25322

Re: Lubeck Public Service District
Sanitary Sewer Project No. 98

Ladies and Gentlemen:

I, Lawrence M. Ronning, represent Lubeck Public Service District with regard to a proposed project to construct a new 1.5 million GPD wastewater treatment facility, approximately forty miles of sanitary sewer collecitonlines, and associated manholes, pumping stations, and force mains (the "Project"), and provide this final title opinion on behalf of said public service district to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council"), with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that Lubeck 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,operate and maintain the Project as approved by the Division of Environmental Protection.

2. That Lubeck 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 Burgess & Niple, Ltd., 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 Wood County, West Virginia, the county in which the Project is to be located, and, in my opinion, Lubeck 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, except and subject to the following:

The following listed properties are being acquired by eminent domain and Lubeck Public Service Districts title thereto is defeasible in the event said 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:

See attached Exhibit A

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

Very truly yours,

Lawrence M. Ronning
Attorney for Lubeck Public
Service District

/aj
cc: Samme L. Gee, Esquire

EXHIBIT A

LUBECK PUBLIC SERVICE DISTRICT
FINAL LISTING OF CONDEMNATIONS
March 09, 1999

NAME	MAP NUMBER	PARCEL NUMBER
Helen L. Isner Dotson	250	D8 & D9
Frederick & Amy Gough	140	51
William Sands	261	18
Russell & Lola Griffith	232	1
Arthur & Mary Hunt	60	P3
John L. & Betty Wittman; John C. Wittman	230	M & O
John L. Wittman & John C. Wittman	300	A3
Darlene Argabrite - Somerville Estate	140	E3
Roland & Jeanetta Nutter	410	A36 & A37
Jeffrey & Wanda Fought	130	15
Brian & Edith Robinson	121	66, 67 & 68
Terry & Tami Sams	130	E6
Dorothy Dye, John Fleak	180	D
Roy & Cathy Metz	121	105, 106, 107 & 108
Gary Foulks	250 & 330	S3A & B1
Duane & Michelle Anderson	410	A37A & A10
Earl James & Nancy Curry	121	62 & 63
William Massie II	130	D16
Mark Crooks	264	A2
Russell & Karen Kirby	261	19
Marvin C. & Dorothy L. Bradley	130	105 & 106A
James Garland & Sallie Jo Burdette	263	35, 38, 39 & 40
C. M. & Rowena Boso	150	E
Ada Weaver	140	42
James Michael & Mary Breedon Haynes	70	K5 & K3
Donald Best	121	64 & 65
William & Sandra Cowan	231	57 & 58
Charles O. Barre, Jr.	70	K2 & 25
John I. & Sharon L. Tennant	410	A28
Joyce Shepherd McCune	270	I
Donald R. & Margaret P. Matheny	182 & 240	19 & 20 & C
Darrell Morgan & Wilda Irene Matheny	320	A, E2, E3-1, E3A, E3-2
same as above final parcel	240	D
Harry & Lois Watson	250	Q5
James & Esther Miller	410	F11
Roy & Rosa Weekley	410	50 & 51A
Sandra Berdine Rollyson	183	5
Larry Wilson	341	B
James & Kathryn Stanley	341	B1
Bobba Salser Sole	302	8
Wayne Fridley	410	F5 & F6
Bert Stallings	411	22
Clyde & Connie Gilbert	141	71 & A
John L. & Betty Willman; John C. Wittman	230	0
Joe & Wanda Langford	300	D2A
Victoria Skidmore	410	11
AJR, Inc.	201	30, 31 & 32