

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A (BB and T)

Closing Date: May 14, 2010

LUBECK PUBLIC SERVICE DISTRICT

WATER REVENUE BOND RESOLUTION

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LUBECK PUBLIC SERVICE DISTRICT
BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF LUBECK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (BB and T) FOR SUCH PURPOSES AND PAYMENT OF THE COST OF ISSUANCE OF THE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; 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 adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act).

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

A. Lubeck Public Service District (the "Issuer"), is a public service district, public corporation and political subdivision of the State of West Virginia in Wood County of said State.

B. The Issuer now owns and operates a public water system within Wood County. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public water facilities of the Issuer, consisting of the cleaning, repairing, sandblasting, painting, and other improvements for the New England Ridge Water Storage Tank (a 200,000 gallon capacity elevated, column supported type water storage tank) and the Homewood Road Water Storage Tank (a

500,000 gallon capacity ground type water storage tank), together with the necessary appertaining work and any other water supply, treatment, distribution or storage improvements deemed necessary by the Issuer, together with all appurtenant facilities (collectively, the “Project”), which constitute public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the “System”), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2010 A (BB and T) (the “Bonds” or “Series 2010 A Bonds”), in an aggregate principal amount of not more than \$600,000, to permanently finance the costs of acquisition and construction of the Project, and to pay the costs of issuance of the Bonds and related costs.

D. The acquisition and construction of the System were financed or refinanced with proceeds of certain obligations of the Issuer, which obligations are designated and have lien positions with respect to the Bonds as follows:

	<u>Designation</u>	<u>Lien Position</u>
1.	\$3,139,013 Water Revenue Bonds, Series 1990 A, dated April 2, 1990 (the “Series 1990 A Bonds”).	First Lien
2.	\$535,000 Water Revenue Bonds, Series 1997, dated March 27, 1997 (the “Series 1997 Bonds”).	First Lien
3.	\$1,573,000 Water Revenue Bonds, Series 2005 A, dated June 17, 2005 (the “Series 2005 A Bonds”).	First Lien
4.	\$2,068,300 Water Revenue Bonds, Series 2005 B, dated June 17, 2005 (the “Series 2005 B Bonds”).	First Lien
5.	\$472,000 Water Revenue Bonds, Series 2005 C, dated June 17, 2005 (the “Series 2005 C Bonds”).	First Lien
6.	\$146,487 Water Revenue Bonds, Series 1990 B, dated April 2, 1990 (the “Series 1990 B Bonds”).	Second Lien

The Series 1990 A Bonds, the Series 1997 Bonds, the Series 2005 A Bonds, the Series 2005 B Bonds and the Series 2005 C Bonds, are sometimes referred to collectively as the “First Lien Bonds.” The First Lien Bonds and the Series 1990 B Bonds are sometimes referred to collectively as the “Prior Bonds.”

E. The Issuer derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

F. 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 Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2010 A Bonds and all funds and accounts and other payments provided for in this Resolution and the Prior Resolutions.

G. The Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in Exhibit A attached hereto and incorporated herein by reference with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Bonds, will be timely done and duly performed.

I. The adoption of this Resolution, and the execution and issuance of the Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

J. Branch Banking and Trust Company has offered to purchase the Bonds (the “Purchaser”). It is in the best interests of the Issuer that the Bonds be sold to the Purchaser pursuant to the terms and provisions set forth herein and in the Supplemental Resolution.

K. The Bonds shall have a lien on the Net Revenues on a parity with the lien held by the registered owners of the First Lien Bonds and senior and prior to the lien held by the registered owners of the Series 1990 B Bonds. No additional bonds shall be issued by the Issuer with a lien on the Net Revenues of the System except in accordance with Section 6.07 hereof and not until the Issuer obtains the consent from the registered owners of the First Lien Bonds and the Series 1990 B Bonds.

L. The Issuer has complied with all requirements of West Virginia law relating to the issuance of the Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the obtaining of the approval of the issuance

of the Bonds by the Public Service Commission of West Virginia by final order not subject to appeal or rehearing.

M. The Issuer will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

N. The Issuer and all subordinate entities of the Issuer reasonably expect to issue \$30,000,000 or less in tax exempt obligations during calendar year 2010.

Section 1.03. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds 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 Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds issued hereunder, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. Except as provided below, terms used in this Resolution have the meanings set forth in the Prior Resolutions, as supplemented by this Resolution, unless the context expressly requires otherwise.

“Act” shall mean Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Resolution.

“Authorized Officer” means the Chairperson of the Governing Body of the Issuer or any other temporarily Acting Chairperson of the Issuer specifically designated by resolution of the Governing Body of the Issuer.

“Bond Counsel” shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Jackson Kelly PLLC, Charleston, West Virginia.

“Bond Register” shall mean the books of the Issuer maintained by the Registrar for the registration and transfer of the Bonds.

“Bond Resolution,” “Bond Legislation,” “Resolution” or “Local Act” shall mean this Bond Resolution and all orders and resolutions supplemental or amendatory hereto.

“Bond Year” shall mean the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of

the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

“Bondholder” or “Holder of the Bonds” or “Owner of the Bonds” or “Registered Owner” or any similar term shall mean any person who shall be the Registered Owner of any Outstanding Bond as hereinafter defined.

“Bonds” or “2010 A Bonds” shall mean the not more than \$600,000 in aggregate principal amount of Water Revenue Bonds, Series 2010 A (BB and T) of the Issuer, authorized by this Resolution to be issued.

“Chairperson” shall mean the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

“Closing Date” shall mean the date or dates upon which there is an exchange of the Bonds for all or a portion of the proceeds of the Bonds from the Purchaser.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the Regulations.

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

“Construction Trust Fund” shall mean the Construction Trust Fund created by Section 4.01C hereof.

“Consulting Engineers” shall mean Burgess & Niple Inc., Parkersburg, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Commitment Letter” shall mean the letter from the Purchaser setting forth the terms and conditions for the purchase of the Bonds.

“Depository Bank” shall mean the bank, banks or credit union to be designated as such in the Supplemental Resolution, and its successors and assigns.

“First Lien Bonds” shall mean those bonds described as such in Section 1.02D of this Resolution.

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

“Governing Body” or “Board” shall mean the public service board of the Issuer or any other governing body of the Issuer that succeeds to the functions of the public service board as presently constituted.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

“Independent Accountants” or “Independent Certified Public Accountants” shall mean any firm of certified public accountants which shall be retained by the Issuer as independent accountants for the System.

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

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

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined 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 Purchaser, fiscal agents, the Depository Bank, Registrar and 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, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Outstanding” when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered, except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Section 7.01 hereof; and (iv) for purposes of consents or

other action by a specified percentage of Bondholders, any such Bond registered to the Issuer.

“Parity Bonds” shall mean the Parity Bonds issued under the provisions and within the limitations prescribed by Section 6.07 hereof.

“Paying Agent” shall mean the bank or such other entity to be designated as the Paying Agent for the Bonds in the Supplemental Resolution and its successors and assigns.

“Prior Bonds” shall mean the First Lien Bonds and the Series 1990 B Bonds of the Issuer.

“Prior Resolutions” shall mean the resolutions of the Issuer authorizing the Prior Bonds.

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

“PSC” shall mean the Public Service Commission of West Virginia.

“PSC Order” shall mean the orders of the PSC dated November 13, 2009 and December 3, 2009 in Case No. 08-2016-PSWD-42A approving the construction of the Project and the rates of the Issuer.

“Purchase Price,” for the purpose of computation of the Yield of the Bonds, has the same meaning as the term “issue price” in Sections 1273(b) and 1274 of the Code, and, in general, means the price paid by the first buyer of the Bonds or the acquisition cost of the first buyer. “Purchase Price,” for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Bonds.

“Purchaser” shall mean Branch Banking and Trust Company, Charleston, West Virginia.

“Qualified Investments” shall mean and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from

Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of the FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreements shall have a prior perfected security interest in the collateral therefore; must have (or its agency must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia “consolidated fund” managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least “A” by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation.

“Rebate Fund” shall mean the Rebate Fund created by Section 4.02 hereof.

“Registrar” shall mean the entity named as such in the Supplemental Resolution.

“Regulations” shall mean the temporary and permanent regulations promulgated under the Code.

“Renewal and Replacement Fund” shall mean the Renewal and Replacement Fund created by the Prior Resolutions and continued by Section 4.04 hereof.

“Reserve Accounts” shall mean, collectively, the respective Reserve Accounts created for the Prior Bonds and the Bonds.

“Reserve Requirement” means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

“Resolution” or “Bond Resolution” shall mean this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

“Revenue Fund” shall mean the Revenue Fund created by the Prior Resolutions and continued hereby.

“Secretary” shall mean the Secretary of the Issuer.

“Sinking Funds” shall mean, collectively, the respective Sinking Funds created for the Prior Bonds and the Bonds.

“Series 1990 B Bonds” shall mean those bonds described as such in Section 1.02D of this Bond Resolution.

“Series 2010 A Bonds Sinking Fund” shall mean the Series 2010 A Bonds Sinking Fund created by Section 4.04 hereof.

“Series 2010 A Bonds Reserve Account” means the Series 2010 A Bonds Reserve Account created by Section 4.04 hereof.

“Series 2010 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

“State” shall mean the State of West Virginia.

“Supplemental Resolution” shall mean any resolution, ordinance 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 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” shall mean the Net Revenues not required by the Prior Resolutions and this Resolution, as supplemented and amended, to be set aside and held in, including but not limited to, any sinking funds, reserve accounts and depreciation accounts.

“System” means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa, 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 enactment of this Resolution.

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

ARTICLE II AUTHORIZATION OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.
There is hereby authorized and ordered the acquisition and construction of the Project, at

an estimated cost not to exceed \$600,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2010 A Bonds shall be applied as provided in Article IV hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser.

The cost of the Project is estimated not to exceed \$600,000, which will be obtained from proceeds of the Series 2010 A Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Bonds. For the purposes of capitalizing interest on the Bonds, funding the Reserve Account for the Bonds, paying costs of issuance of the Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Bonds of the Issuer. The Bonds shall be issued in one series as set forth in the Supplemental Resolution, designated as “Water Revenue Bonds, Series 2010 A (BB and T)”, in an aggregate principal amount of not more than \$600,000. The Bonds shall be issued in such principal amounts, shall have the series designation, shall be dated as of the date of delivery thereof, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, and shall mature at such times and in such amounts as shall be set forth in the Supplemental Resolution. The repayment of principal and interest, if any, on the Bonds shall be as set forth in the Supplemental Resolution. The Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Resolution and as the Governing Body of the Issuer shall prescribe by resolution (or by supplemental or amendatory resolution of said Governing Body as said Governing Body shall determine) adopted in connection with the sale of such Bonds.

The Bonds shall be payable as to principal at the office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar.

Each series of Bonds shall be issued in fully registered form, in such denominations and shall have such terms as set forth in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond in aggregate principal amount equal to the amount of the Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of the Bonds.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairperson 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 Exhibit A, shall have been duly manually executed by the 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 Registrar if manually signed by an authorized officer of the 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 Registered 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 Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide owner for value.

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

Bonds shall be transferable only upon the books of the Registrar, by the Registered Owner thereof in person or by the Registered Owner's attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or the Registered 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 Registrar. For every such exchange or transfer of Bonds, the 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 Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer.

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 Registered 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 Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the 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 a corporate indebtedness of the Issuer within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Registered Owner of the Bonds shall ever have the right to compel the exercise of the taxing power 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 the Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the First Lien Bonds and senior and prior to the Series 1990 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund established herein or in the Prior Resolutions are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. The text of the Bonds shall be substantially as set forth in Exhibit A, with such omissions, insertions and variations as may be

necessary and desirable and authorized or permitted by this Resolution or any subsequent resolutions adopted or enacted prior to the issuance thereof.

Section 3.09. Sale of Bonds. The Bonds shall be sold to the Purchaser pursuant to the terms and conditions of the Commitment Letter.

Section 3.10. Designation of Bonds as “Qualified Tax-Exempt Obligations.” The Issuer hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2010, all as determined in accordance with the Code.

ARTICLE IV APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Application of Bond Proceeds. From the moneys received from the sale of the 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 Paying Agent in the Series 2010 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest for the Bonds.

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

C. There is hereby created and established with the Depository Bank a special fund, designated the “Construction Trust Fund”. The remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer in the Construction Trust Fund. Moneys in the Construction Trust Fund shall be used solely to pay the costs of acquisition and construction of the Project and the costs of issuance of the Bonds. The Construction Trust Fund shall be governed by the Project Fund Agreement to be entered into between the Issuer and the Purchaser. All costs of issuance shall be paid within 60 days of the Closing Date.

Section 4.02. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions);
- (3) Construction Trust Fund (established by Section 4.01C above);
- (4) Series 2010 A Bonds Rebate Fund; and
- (5) Series 2010 A Bonds Sinking Fund.

Section 4.03. Establishment of Funds and Accounts with Commission.

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

- (1) Series 2010 A Bonds Reserve Account.

Section 4.04. Flow of Funds. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond 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 herein provided. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) the amount necessary to pay the interest on the First Lien Bonds as prescribed in the Prior Resolutions; and (ii) to the Paying Agent, an amount equal to the amount of interest which will become due on the Bonds on the next monthly interest payment date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) the amount necessary to pay the principal on the First Lien Bonds as prescribed in the Prior Resolutions; and (ii) to the Paying

Agent, an amount equal to the amount of principal which will mature and become due on the Bonds on the next monthly principal payment date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) the amount necessary to pay the required Reserve Account payments for the First Lien Bonds as prescribed by the Prior Resolutions; and (ii) to the Commission, if not fully funded upon issuance of the Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit the amount necessary to pay the principal on the Series 1990 B Bonds as prescribed in the Prior Resolutions.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit the amount necessary to pay the required Reserve Account payment for the Series 1990 B Bonds as prescribed in the Prior Resolutions.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund the amounts required by the Prior Resolutions.

Moneys in the Series 2010 A Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Series 2010 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due, when other moneys in the Series 2010 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2010 A Bonds Reserve Account shall be transferred, not less than once each year, to the Series 2010 A Bonds Sinking Fund.

Any withdrawals from the Series 2010 A Bonds Reserve Account which result in a reduction in the balance therein to below the applicable reserve requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 2010 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested and reinvested by the Paying Agent and Commission, respectively, in accordance with Section 4.05 hereof.

If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds or accounts as provided herein and in the Prior Resolutions, the deficiency shall be made up in subsequent payments, in addition to the payments which would otherwise be required to be made into the funds and accounts on subsequent payment dates.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Bonds, in accordance with the respective principal amounts then Outstanding.

The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Paying Agent the required interest and principal payments with respect to the Bonds and deposit with the Commission, the required reserve account payments.

Except as provided above and in the Supplemental Resolution, all sinking fund, reserve account, payments shall remain as governed by the Prior Resolutions and Renewal and Replacement Fund.

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

Section 4.05. 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, the Paying Agent, the Depository Bank or such other bank, national banking association or credit union holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the Prior Resolutions, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 4.05.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. The Commission, the Paying Agent, the Depository Bank or such other bank, national banking association or credit union, 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 of such liquidation. The Paying Agent, the Depository Bank or such other bank, national banking association or credit union may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

(4) If default occurs with respect to the Prior Bonds or the Prior Resolutions.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the 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 the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Bonds shall be on parity with those of the Registered Owners of the First Lien Bonds and senior and prior to the Registered Owners of the Series 1990 B Bonds.

Section 5.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance 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 Event of Default with respect to the Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with the power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this 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 Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

under the provisions of this Resolution, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

All the covenants, agreements and provisions of the Prior Resolutions shall remain in full force and effect as long as the Prior Bonds are outstanding and shall apply to the Bonds as if fully set out herein. The following covenants are supplemental and in addition to the covenants set forth in the Prior Resolutions.

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest, if any, thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the First Lien Bonds and senior and prior to the lien of the Series 1990 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund established herein or in the Prior Resolutions are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 6.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. The initial schedule of rates and charges for

the services and facilities of the System shall be as set forth and approved by the PSC Order and such rates are hereby approved.

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

Section 6.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article VII hereof. A portion of proceeds from any such sale, mortgage, lease or other disposition of the System that is sufficient to pay the entire outstanding principal and interest on the Bonds shall, with respect to the Bonds, immediately be remitted to the Paying Agent for deposit in the Series 2010 A Bonds Sinking Fund and the Issuer shall direct the Paying Agent to apply such proceeds to the payment of principal of and interest, if any, on the Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Paying Agent.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine, upon consultation with the Consulting Engineers, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds

derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, with the written consent of the Purchaser, be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

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

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 6.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 6.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable.

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

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds and Prior Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The “estimated average increased annual Net Revenues to be received in each of the 3 succeeding years,” as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has 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 Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Bonds, the Prior Bonds and the Registered Owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Resolutions. All such

Bonds, First Lien Bonds and Parity Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any Bond over any other, and the Bonds, First Lien Bonds and Parity Bonds shall be prior and senior to the Series 1990 B Bonds. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Resolutions, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Resolutions and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Section 6.08. Books; Records and Audit. 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 Registered Owner of the Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall mail in each year to all Registered Owners of the Bonds an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Bonds. Such audit report submitted to the Purchaser shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service, reserve and coverage requirements.

Section 6.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of the rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder and meet the requirements of the Prior Resolutions.

In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the First Lien Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the respective Series 2010 A Bonds Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2010 A Bonds, including the First Lien Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds

and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the First Lien Bonds.

The Issuer hereby covenants to file with the Public Service Commission of West Virginia to increase the rates and charges for the services and facilities of the System within 60 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.10. Operating Budget. The Issuer shall annually, at least 30 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 Purchaser within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate by a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Registered Owner of the Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Registered Owner of the Bonds, or anyone acting for and on behalf of such Registered Owner.

Section 6.11. Insurance and Bonds. A. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will

require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

(iii) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(iv) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of any construction in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(vi) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000, upon the treasurer.

(vii) Provided, however, notwithstanding the foregoing provisions of this Section, so long as the Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bonds, unless otherwise consented to in writing by the Bondholder.

Section 6.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided as long as the Bonds are outstanding.

Section 6.13. Compliance With Law. The Issuer hereby covenants and agrees to perform, satisfy and comply with all terms, conditions and requirements of all applicable laws, rules and regulations issued by the State, federal or local bodies in regard to the operation, maintenance and use of the System.

Section 6.14. Tap Fees. All tap fees shall be deposited into a construction fund provided that if a construction project is not under way then the tap fees shall be deposited into the Revenue Fund.

Section 6.15. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the costs of acquisition and construction of the Project and costs of issuance and as otherwise set forth herein.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the proceeds of the Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

D. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would

be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

F. **FURTHER ACTIONS.** The Issuer shall take any and all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those deemed necessary by the Purchaser) which would adversely affect such exclusion.

G. **QUALIFIED TAX-EXEMPT OBLIGATION STATUS.** The Issuer does not reasonably expect to issue more than \$30,000,000 of tax-exempt obligations during the calendar year 2010 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as “qualified tax-exempt obligations,” as defined in Section 265(b)(3)(B) of the Code.

Section 6.16. Reserved.

Section 6.17. Arbitrage. The Issuer covenants that (i) it will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution.

If it is determined that the Issuer does not qualify for an exception to Section 148 of the Code or the Issuer is otherwise subject to rebate in connection with the

Bonds, the Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Purchaser, the Issuer shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Purchaser in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Purchaser at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 6.18. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 6.18 in accordance with the requirements of Section 148(f) of the Code. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and all interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VII

PAYMENT OF BONDS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2010 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2010 A Bonds from gross income for federal income tax purposes.

Section 7.02. Prepayment of Bonds. The Issuer shall have the right to prepay the Bonds in whole on a principal payment date with a 1% prepayment premium. The Issuer shall not have the right to prepay the Bonds in part.

ARTICLE VIII

MISCELLANEOUS

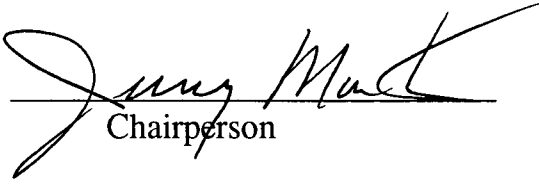
Section 8.01. Modification or Amendment. Prior to the issuance of the Bonds, this Resolution may be amended or supplemented in any way by a Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Resolution or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners shall be made without the consent in writing of the Registered Owners of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Bonds from gross income of the Registered Owners thereof.

Section 8.02. 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, the Supplemental Resolution or the Bonds.

Section 8.03. Repeal of Conflicting Ordinances. All resolutions and orders, or parts thereof, other than the Prior Resolutions, in conflict with this Resolution are, to the extent of such conflict, repealed.

Section 8.04. 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 a Chairperson, a Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

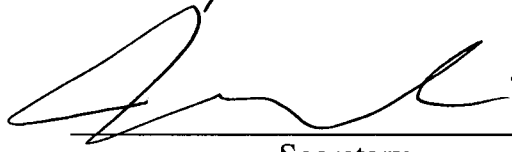
Section 8.05. Effective Date. This Resolution shall take effect immediately following passage.


Chairperson

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Secretary of Lubeck Public Service District, Wood County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of Lubeck Public Service District, such records being in the custody of the undersigned and maintained at Lubeck Public Service District, Washington, Wood County, West Virginia, and that the action taken by the Public Service Board in the foregoing document remains in full force and effect and has not been amended.

Dated this 13 day of MAY, 2010.



Secretary

[SEAL]

EXHIBIT A

FORM OF SERIES 2010 A BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A (BB and T)

NUMBER: A-1 INTEREST RATE: 4.74%

MATURITY DATE: June 1, 2025 BOND DATE: May 14, 2010

REGISTERED OWNER: BRANCH BANKING AND TRUST CO.

PRINCIPAL AMOUNT: FIVE HUNDRED NINETY THOUSAND DOLLARS
(\$590,000)

KNOW ALL MEN BY THESE PRESENTS THAT the LUBECK PUBLIC SERVICE DISTRICT, (hereinafter called the "Issuer"), for value received, promises to pay to the order of Branch Banking and Trust Co., or its registered assigns (the "Purchaser"), but solely from the sources and in the manner hereinafter provided, the principal sum of FIVE HUNDRED NINETY THOUSAND DOLLARS (\$590,000), in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of advance as endorsed hereon until paid, as follows:

The Bonds shall be payable and shall mature as follows:

(A) Interest shall be at a fixed rate of 4.74% per annum and shall be determined on the basis of a 365/360 day actual year times the actual principal amount of the Bonds outstanding up to and including the day immediately preceding the interest payment date.

(B) Payments of principal and interest shall be made on the 1st day of each month, beginning July 1, 2010 ("Principal and Interest Payment Dates"). This Bond shall be amortized in 180 payments over a period of 15 years, as described in Exhibit A. Such

payments shall be payable by check or draft mailed to the Paying Agent or by wire transfer, as directed by the Purchaser.

(C) Notwithstanding any other provision of this Bond or the Resolution to the contrary, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), the rate of interest on the Bonds shall be payable at the rate of 2% above the prime rate published in the money rate column of the Wall Street Journal, as the same may change from time to time from the date of determination (the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date upon which a Determination of Taxability becomes effective, and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includable in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability and any interest being past due by reason of such increase shall become immediately due and payable; further, the present or former owners of the Bonds shall be entitled to payment, on demand, of any Special Charges. Special Charges means (a) an amount equal to any penalties or interest paid to the Internal Revenue Service or to the State by the present and former owners of the Bonds resulting from the failure to include interest on the Bonds in their gross income for purposes of determining their federal income tax or State income tax, plus any tax payable by them as a consequence of the receipt of such amount; plus (b) an amount equal to all reasonable administrative, out-of-pocket and other expenses, including legal fees and costs, incurred by the present and former holders which are directly or indirectly attributable to interest on the Bonds becoming subject to federal or State income tax as a result of the failure to include interest on the Bonds in their gross income for purposes of determining their federal or State income tax, including, without limitation, costs incurred by the present and former Bondholders in amending their federal or State tax returns. Principal and interest on this bond are payable by the Issuer on the Principal and Interest Payment Dates. The principal of and interest on this Bond are payable in lawful money of the United States of America without deduction for the services of the paying agent.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1990 A, DATED APRIL 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,139,013; WATER REVENUE BONDS, SERIES 1997, DATED MARCH 27, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$535,000; WATER REVENUE BONDS, SERIES 2005 A, DATED JUNE 17, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,573,000; WATER REVENUE BONDS, SERIES 2005 B, DATED JUNE 17, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,068,300; AND WATER

REVENUE BONDS, SERIES 2005 C, DATED JUNE 17, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$472,000 (THE "FIRST LIEN BONDS"). THE BONDS SHALL BE SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1990 B, DATED APRIL 2, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$146,487 (THE "SERIES 1990 B BONDS").

This Bond is issued with the intent that the laws of the State of West Virginia shall govern its construction. This Bond constitutes the entire issuance of an authorized issue of Water Revenue Bonds, Series 2010 A (BB and T) (the "Bonds"), issued in the aggregate principal amount of \$590,000 pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), for the purpose of financing all or a portion of the cost of the acquisition and construction of certain additions and betterments to the Issuer's Waterworks System (the "Project") and the cost of issuance thereof. The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Bond Resolution adopted by the Issuer on May 13, 2010 (the "Bond Resolution") and supplemented and amended by the Supplemental Resolution adopted on May 13, 2010 (collectively, the "Resolution").

An executed counterpart of the Resolution is on file at the office of said Issuer. The Resolution contains provisions for the issuance of Parity Bonds. Reference is hereby made to the Resolution and Supplemental Resolutions supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, the special subaccounts and revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are issued, the terms and conditions under which Additional Bonds may be issued, the rights, duties and obligations of the Issuer, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Resolution.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this bond. Upon such transfer a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefore.

The Issuer and Paying Agent may deem and treat the Registered Owner thereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all

other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Registrar with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The Bonds are limited special obligations of the Issuer and are payable solely out of the money payable under the Resolution and the Issuer and shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Resolution. Under the Resolution, the Issuer must pay the Paying Agent such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same mature.

The Registered Owner of the Bond shall have no right to enforce the provisions of the Resolution or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Resolution, the principal of all the bonds issued under the Resolution and then outstanding, may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Resolution, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Resolution.

Under the Act, this Bond and the interest hereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Issuer does not reasonably expect to issue more than \$30,000,000 of tax-exempt obligations during the calendar year 2010 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuance of this Bond in order to make this Bond a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Resolution, have happened and have been performed in regular and due form as required by law; that this Bond does not exceed or violate any constitutional or statutory limitation and that a sufficient amount of money has been pledged to and will be set aside into the Principal and Interest Account by the Issuer for the prompt payment of the principal of and interest on this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication and Registration appearing hereon shall have been duly and manually executed by the Registrar.

IN WITNESS WHEREOF, the LUBECK PUBLIC SERVICE DISTRICT has caused this Bond to be executed in its name by the manual signature of its Chairperson and its seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its Secretary, all as of the date set forth above.

LUBECK PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairperson

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within named Bond Resolution and has been duly registered in the name set forth above as of the date set forth below.

Dated: _____.

_____, as Registrar

By: _____
Authorized Officer

EXHIBIT A
DEBT SERVICE SCHEDULE

(Form of Assignment)

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

(Please print or type name, address and Social Security Number of Transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

2.3

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE LUBECK PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2010 A (BB and T); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the “Governing Body”) of Lubeck Public Service District (the “Issuer”) has duly and officially adopted a Bond Resolution on May 13, 2010 (the “Resolution”), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF LUBECK PUBLIC SERVICE DISTRICT AN THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A (BB and T) FOR SUCH PURPOSES AND PAYMENT OF THE COST OF ISSUANCE OF THE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2010 A (BB and T), of the Issuer, in an aggregate principal amount not to exceed \$600,000 (the “Bonds” or the “Series 2010 A Bonds”), all in accordance with

Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the “Act”); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Commitment Letter from Branch Banking and Trust Company (the “Purchaser”) has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Purchaser pursuant to the Commitment Letter; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the “Supplemental Resolution”) be adopted, that the Commitment Letter be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

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 Water Revenue Bonds, Series 2010 A (BB and T), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of \$590,000. The Series 2010 A Bonds shall be dated the date of delivery, shall finally mature June 1, 2025, and shall bear interest at the rate of 4.74% per annum. The principal and interest of the Series 2010 A Bonds shall be payable monthly on the 1st of each month, commencing July 1, 2010, in the amounts set forth in the amortization schedule attached to the Commitment Letter and incorporated in and made a part of the Series 2010 A Bonds. The Series 2010 A Bonds shall be subject to redemption in whole on a scheduled payment date upon payment of a 1% redemption premium and otherwise in compliance with the Commitment Letter.

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

Section 3. The Issuer hereby authorizes, approves and accepts the Commitment Letter, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the

Commitment Letter by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Commitment Letter and in the applications to the Purchaser. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 A Bonds shall be deposited in the Construction Trust Fund and advanced from time to time as requisitioned by the Issuer in accordance with the Project Fund Agreement between the Issuer and the Purchaser.

Section 4. The Issuer hereby appoints and designates Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the “Registrar”) for the Bonds under the Resolution and approves and accepts the Registrar’s Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar’s Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates Branch Banking and Trust Company, Charleston, West Virginia, to serve as the Depository Bank and Paying Agent under the Resolution.

Section 6. The Issuer hereby approves the Project Fund Agreement between the Issuer and Branch Banking and Trust Company and authorizes the execution and delivery of such agreement by the Chairperson.

Section 7. Series 2010 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2010 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2010 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2010 A Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2010 A Bonds shall be deposited in the Series 2010 A Bonds Construction Trust Fund for payment of costs of the Project, including costs of issuance of the Series 2010 A Bonds, and administered and disbursed in accordance with the Project Fund Agreement.

Section 10. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Purchaser on or about May 14, 2010.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer 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 Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2010 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer is hereby authorized to reimburse itself for engineering costs not in excess of 20% of the purchase price of the Bonds.

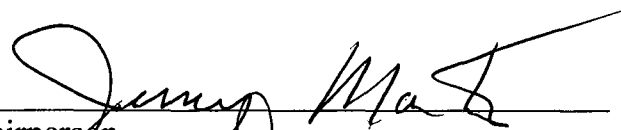
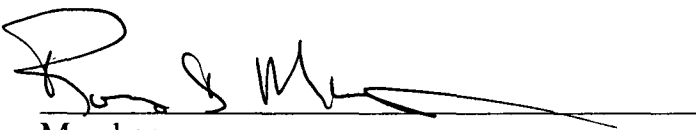
Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 15. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 16. The Issuer hereby approves the first requisition, which is incorporated herein by reference, for the Bonds and the execution thereof and authorizes the payment of all expenses contained on the first requisition.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 13th day of May, 2010.

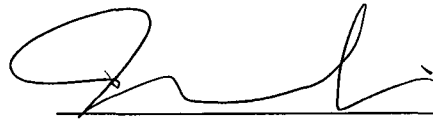

Chairperson
Member
Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Lubeck Public Service District on the 13th day of May, 2010.

Dated this 14th day of May, 2010.

[SEAL]


Secretary

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A (BB and T)

2.4

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

On this 13th day of May, 2010, the undersigned duly appointed Secretary of the Public Service Board of Lubeck Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of said Public Service Board:

The Public Service Board of Lubeck Public Service District met in regular session, pursuant to notice duly posted, on the 13th day of May, 2010, in Washington, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Jerry R. Martin	-	Chairperson and Member
	John H. Sines	-	Secretary and Member
	Roger D. Martin	-	Treasurer and Member

ABSENT: None

Jerry R. Martin, Chairperson, presided, and John H. Sines, acted as Secretary. The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF LUBECK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2010 A

(BB and T) FOR SUCH PURPOSES AND PAYMENT OF THE COST OF ISSUANCE OF THE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

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

Next, the Chairperson presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE LUBECK PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2010 A (BB and T); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

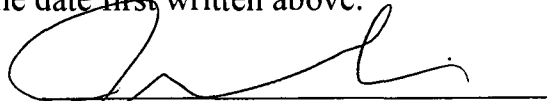

Chairperson


Secretary

CERTIFICATION

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

WITNESS my signature as of the date first written above.


Secretary

FROM

(WED) MAR 24 2010 9:48/ST. 9:48/NO. 7520727254 P 2

BB&T**Branch Banking & Trust Co.**

March 24, 2010

James Cox
 Manager
 Luccck Public Service District
 PO Box 700
 Washington, WV 26181

Governmental Finance

501 Tennessee Avenue
 Charleston, WV 25302
 (304) 353-1653
 Fax (304) 340-4702

Dear Mr. Cox:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the Lubeck Public Service District of West Virginia ("PSD").

- (1) **Project:** Water Revenue Bond for Tank Upgrades
- (2) **Amount To Be Financed:** up to \$600,000
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Term</u>	<u>Rate</u>
15 years	4.74%

Payments shall be monthly in arrears, as requested. See the attached amortization schedule(s) for information on payments.

The financing proceeds shall be deposited on behalf of the PSD in a project fund account with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the PSD for use on Project costs or interest payments.

The interest rates stated above are valid for a closing not later than 30 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T. We shall review your most recent financial statements before funding this transaction.

Remuneration for our legal expenses, preparation of documentation and for providing the project fund services for this financing transaction shall be \$2,950.00. All applicable taxes, permits, costs of lawyers for the PSD and any other costs shall be the PSD's responsibility and separately payable by the PSD. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The stated interest rates assume that the PSD expects to borrow less than \$30,000,000 in calendar year 2010 and that the PSD shall comply with IRS Code Sections 141, 148 and 149. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not qualified tax-exempt financing for the purpose of IRS Code Section 265(b)(3).

FROM

(WED) MAR 24 2010 9:49/ST. 9:49/No. 7520727254 P *

(4) **Financing Documents:**

It shall be the responsibility of the City to retain and compensate counsel to appropriately structure the water revenue bond according to West Virginia State Statutes. BB&T shall also require the City's Bond Counsel to provide an unqualified legal opinion. BB&T reserves the right to review the bond and it must be mutually accepted by BB&T and the City.

(5) **Security:**

The water revenue bond shall be secured by a pledge of the net revenues of the water system on a parity basis with all other outstanding water revenue bonds.

* * * * *

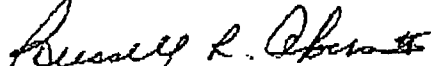
BB&T appreciates the opportunity to make this financing proposal and requests to be notified within five days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the PSD of its election to do so (whether or not this offer has previously been accepted by the PSD) if at any time prior to the closing there is a material adverse change in the PSD's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the PSD or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY


Russell R. Akers, II
Vice President

Enclosure

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades

Compound Period : Monthly

Nominal Annual Rate : 4.740 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	05/14/2010	590,000.00	1		
2 Payment	07/01/2010	4,597.03	180	Monthly	06/01/2025

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	05/14/2010				590,000.00
2010 Totals		0.00	0.00	0.00	
1	07/01/2010	4,597.03	3,734.32	862.71	589,137.29
2	08/01/2010	4,597.03	2,327.09	2,269.94	586,867.35
3	09/01/2010	4,597.03	2,318.13	2,278.90	584,588.45
4	10/01/2010	4,597.03	2,309.12	2,287.91	582,300.54
5	11/01/2010	4,597.03	2,300.09	2,296.94	580,003.60
6	12/01/2010	4,597.03	2,291.01	2,306.02	577,697.58
7	01/01/2011	4,597.03	2,281.91	2,315.12	575,382.46
8	02/01/2011	4,597.03	2,272.76	2,324.27	573,058.19
9	03/01/2011	4,597.03	2,263.58	2,333.45	570,724.74
10	04/01/2011	4,597.03	2,254.36	2,342.67	568,382.07
11	05/01/2011	4,597.03	2,245.11	2,351.92	566,030.15
12	06/01/2011	4,597.03	2,235.82	2,361.21	563,668.94
2011 Totals		55,164.36	28,833.30	26,331.06	
13	07/01/2011	4,597.03	2,226.49	2,370.54	561,298.40
14	08/01/2011	4,597.03	2,217.13	2,379.90	558,918.50
15	09/01/2011	4,597.03	2,207.73	2,389.30	556,529.20
16	10/01/2011	4,597.03	2,198.29	2,398.74	554,130.46
17	11/01/2011	4,597.03	2,188.82	2,408.21	551,722.25
18	12/01/2011	4,597.03	2,179.30	2,417.73	549,304.52
19	01/01/2012	4,597.03	2,169.75	2,427.28	546,877.24
20	02/01/2012	4,597.03	2,160.17	2,436.86	544,440.38
21	03/01/2012	4,597.03	2,150.54	2,446.49	541,993.89
22	04/01/2012	4,597.03	2,140.88	2,456.15	539,537.74
23	05/01/2012	4,597.03	2,131.17	2,465.86	537,071.88
24	06/01/2012	4,597.03	2,121.43	2,475.60	534,596.28
2012 Totals		55,164.36	26,091.70	29,072.66	
25	07/01/2012	4,597.03	2,111.66	2,485.37	532,110.91
26	08/01/2012	4,597.03	2,101.84	2,495.19	529,615.72
27	09/01/2012	4,597.03	2,091.98	2,505.05	527,110.67

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades

	Date	Payment	Interest	Principal	Balance
28	10/01/2012	4,597.03	2,082.09	2,514.94	524,595.73
29	11/01/2012	4,597.03	2,072.15	2,524.88	522,070.85
30	12/01/2012	4,597.03	2,062.18	2,534.85	519,536.00
31	01/01/2013	4,597.03	2,052.17	2,544.86	516,991.14
32	02/01/2013	4,597.03	2,042.12	2,554.91	514,436.23
33	03/01/2013	4,597.03	2,032.02	2,565.01	511,871.22
34	04/01/2013	4,597.03	2,021.89	2,575.14	509,296.08
35	05/01/2013	4,597.03	2,011.72	2,585.31	506,710.77
36	06/01/2013	4,597.03	2,001.51	2,595.52	504,115.25
2013 Totals		55,164.36	24,683.33	30,481.03	
37	07/01/2013	4,597.03	1,991.26	2,605.77	501,509.48
38	08/01/2013	4,597.03	1,980.96	2,616.07	498,893.41
39	09/01/2013	4,597.03	1,970.63	2,626.40	496,267.01
40	10/01/2013	4,597.03	1,960.25	2,636.78	493,630.23
41	11/01/2013	4,597.03	1,949.84	2,647.19	490,983.04
42	12/01/2013	4,597.03	1,939.38	2,657.65	488,325.39
43	01/01/2014	4,597.03	1,928.89	2,668.14	485,657.25
44	02/01/2014	4,597.03	1,918.35	2,678.68	482,978.57
45	03/01/2014	4,597.03	1,907.77	2,689.26	480,289.31
46	04/01/2014	4,597.03	1,897.14	2,699.89	477,589.42
47	05/01/2014	4,597.03	1,886.48	2,710.55	474,878.87
48	06/01/2014	4,597.03	1,875.77	2,721.26	472,157.61
2014 Totals		55,164.36	23,206.72	31,957.64	
49	07/01/2014	4,597.03	1,865.02	2,732.01	469,425.60
50	08/01/2014	4,597.03	1,854.23	2,742.80	466,682.80
51	09/01/2014	4,597.03	1,843.40	2,753.63	463,929.17
52	10/01/2014	4,597.03	1,832.52	2,764.51	461,164.66
53	11/01/2014	4,597.03	1,821.60	2,775.43	458,389.23
54	12/01/2014	4,597.03	1,810.64	2,786.39	455,602.84
55	01/01/2015	4,597.03	1,799.63	2,797.40	452,805.44
56	02/01/2015	4,597.03	1,788.58	2,808.45	449,996.99
57	03/01/2015	4,597.03	1,777.49	2,819.54	447,177.45
58	04/01/2015	4,597.03	1,766.35	2,830.68	444,346.77
59	05/01/2015	4,597.03	1,755.17	2,841.86	441,504.91
60	06/01/2015	4,597.03	1,743.94	2,853.09	438,651.82
2015 Totals		55,164.36	21,658.57	33,505.79	
61	07/01/2015	4,597.03	1,732.67	2,864.36	435,787.46
62	08/01/2015	4,597.03	1,721.36	2,875.67	432,911.79
63	09/01/2015	4,597.03	1,710.00	2,887.03	430,024.76
64	10/01/2015	4,597.03	1,698.60	2,898.43	427,126.33
65	11/01/2015	4,597.03	1,687.15	2,909.88	424,216.45
66	12/01/2015	4,597.03	1,675.65	2,921.38	421,295.07
67	01/01/2016	4,597.03	1,664.12	2,932.91	418,362.16
68	02/01/2016	4,597.03	1,652.53	2,944.50	415,417.66

Lubeck Public Service District, WV
Water Revenue Bond for Water Tank Upgrades

	Date	Payment	Interest	Principal	Balance
69	03/01/2016	4,597.03	1,640.90	2,956.13	412,461.53
70	04/01/2016	4,597.03	1,629.22	2,967.81	409,493.72
71	05/01/2016	4,597.03	1,617.50	2,979.53	406,514.19
72	06/01/2016	4,597.03	1,605.73	2,991.30	403,522.89
2016 Totals		55,164.36	20,035.43	35,128.93	
73	07/01/2016	4,597.03	1,593.92	3,003.11	400,519.78
74	08/01/2016	4,597.03	1,582.05	3,014.98	397,504.80
75	09/01/2016	4,597.03	1,570.14	3,026.89	394,477.91
76	10/01/2016	4,597.03	1,558.19	3,038.84	391,439.07
77	11/01/2016	4,597.03	1,546.18	3,050.85	388,388.22
78	12/01/2016	4,597.03	1,534.13	3,062.90	385,325.32
79	01/01/2017	4,597.03	1,522.04	3,074.99	382,250.33
80	02/01/2017	4,597.03	1,509.89	3,087.14	379,163.19
81	03/01/2017	4,597.03	1,497.69	3,099.34	376,063.85
82	04/01/2017	4,597.03	1,485.45	3,111.58	372,952.27
83	05/01/2017	4,597.03	1,473.16	3,123.87	369,828.40
84	06/01/2017	4,597.03	1,460.82	3,136.21	366,692.19
2017 Totals		55,164.36	18,333.66	36,830.70	
85	07/01/2017	4,597.03	1,448.43	3,148.60	363,543.59
86	08/01/2017	4,597.03	1,436.00	3,161.03	360,382.56
87	09/01/2017	4,597.03	1,423.51	3,173.52	357,209.04
88	10/01/2017	4,597.03	1,410.98	3,186.05	354,022.99
89	11/01/2017	4,597.03	1,398.39	3,198.64	350,824.35
90	12/01/2017	4,597.03	1,385.76	3,211.27	347,613.08
91	01/01/2018	4,597.03	1,373.07	3,223.96	344,389.12
92	02/01/2018	4,597.03	1,360.34	3,236.69	341,152.43
93	03/01/2018	4,597.03	1,347.55	3,249.48	337,902.95
94	04/01/2018	4,597.03	1,334.72	3,262.31	334,640.64
95	05/01/2018	4,597.03	1,321.83	3,275.20	331,365.44
96	06/01/2018	4,597.03	1,308.89	3,288.14	328,077.30
2018 Totals		55,164.36	16,549.47	38,614.89	
97	07/01/2018	4,597.03	1,295.91	3,301.12	324,776.18
98	08/01/2018	4,597.03	1,282.87	3,314.16	321,462.02
99	09/01/2018	4,597.03	1,269.77	3,327.26	318,134.76
100	10/01/2018	4,597.03	1,256.63	3,340.40	314,794.36
101	11/01/2018	4,597.03	1,243.44	3,353.59	311,440.77
102	12/01/2018	4,597.03	1,230.19	3,366.84	308,073.93
103	01/01/2019	4,597.03	1,216.89	3,380.14	304,693.79
104	02/01/2019	4,597.03	1,203.54	3,393.49	301,300.30
105	03/01/2019	4,597.03	1,190.14	3,406.89	297,893.41
106	04/01/2019	4,597.03	1,176.68	3,420.35	294,473.06
107	05/01/2019	4,597.03	1,163.17	3,433.86	291,039.20
108	06/01/2019	4,597.03	1,149.60	3,447.43	287,591.77
2019 Totals		55,164.36	14,678.83	40,485.53	

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades

	Date	Payment	Interest	Principal	Balance
109	07/01/2019	4,597.03	1,135.99	3,461.04	284,130.73
110	08/01/2019	4,597.03	1,122.32	3,474.71	280,656.02
111	09/01/2019	4,597.03	1,108.59	3,488.44	277,167.58
112	10/01/2019	4,597.03	1,094.81	3,502.22	273,665.36
113	11/01/2019	4,597.03	1,080.98	3,516.05	270,149.31
114	12/01/2019	4,597.03	1,067.09	3,529.94	266,619.37
115	01/01/2020	4,597.03	1,053.15	3,543.88	263,075.49
116	02/01/2020	4,597.03	1,039.15	3,557.88	259,517.61
117	03/01/2020	4,597.03	1,025.09	3,571.94	255,945.67
118	04/01/2020	4,597.03	1,010.99	3,586.04	252,359.63
119	05/01/2020	4,597.03	996.82	3,600.21	248,759.42
120	06/01/2020	4,597.03	982.60	3,614.43	245,144.99
2020 Totals		55,164.36	12,717.58	42,446.78	
121	07/01/2020	4,597.03	968.32	3,628.71	241,516.28
122	08/01/2020	4,597.03	953.99	3,643.04	237,873.24
123	09/01/2020	4,597.03	939.60	3,657.43	234,215.81
124	10/01/2020	4,597.03	925.15	3,671.88	230,543.93
125	11/01/2020	4,597.03	910.65	3,686.38	226,857.55
126	12/01/2020	4,597.03	896.09	3,700.94	223,156.61
127	01/01/2021	4,597.03	881.47	3,715.56	219,441.05
128	02/01/2021	4,597.03	866.79	3,730.24	215,710.81
129	03/01/2021	4,597.03	852.06	3,744.97	211,965.84
130	04/01/2021	4,597.03	837.27	3,759.76	208,206.08
131	05/01/2021	4,597.03	822.41	3,774.62	204,431.46
132	06/01/2021	4,597.03	807.50	3,789.53	200,641.93
2021 Totals		55,164.36	10,661.30	44,503.06	
133	07/01/2021	4,597.03	792.54	3,804.49	196,837.44
134	08/01/2021	4,597.03	777.51	3,819.52	193,017.92
135	09/01/2021	4,597.03	762.42	3,834.61	189,183.31
136	10/01/2021	4,597.03	747.27	3,849.76	185,333.55
137	11/01/2021	4,597.03	732.07	3,864.96	181,468.59
138	12/01/2021	4,597.03	716.80	3,880.23	177,588.36
139	01/01/2022	4,597.03	701.47	3,895.56	173,692.80
140	02/01/2022	4,597.03	686.09	3,910.94	169,781.86
141	03/01/2022	4,597.03	670.64	3,926.39	165,855.47
142	04/01/2022	4,597.03	655.13	3,941.90	161,913.57
143	05/01/2022	4,597.03	639.56	3,957.47	157,956.10
144	06/01/2022	4,597.03	623.93	3,973.10	153,983.00
2022 Totals		55,164.36	8,505.43	46,658.93	
145	07/01/2022	4,597.03	608.23	3,988.80	149,994.20
146	08/01/2022	4,597.03	592.48	4,004.55	145,989.65
147	09/01/2022	4,597.03	576.66	4,020.37	141,969.28
148	10/01/2022	4,597.03	560.78	4,036.25	137,933.03
149	11/01/2022	4,597.03	544.84	4,052.19	133,880.84

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades

	Date	Payment	Interest	Principal	Balance
150	12/01/2022	4,597.03	528.83	4,068.20	129,812.64
151	01/01/2023	4,597.03	512.76	4,084.27	125,728.37
152	02/01/2023	4,597.03	496.63	4,100.40	121,627.97
153	03/01/2023	4,597.03	480.43	4,116.60	117,511.37
154	04/01/2023	4,597.03	464.17	4,132.86	113,378.51
155	05/01/2023	4,597.03	447.85	4,149.18	109,229.33
156	06/01/2023	4,597.03	431.46	4,165.57	105,063.76
2023 Totals		55,164.36	6,245.12	48,919.24	
157	07/01/2023	4,597.03	415.00	4,182.03	100,881.73
158	08/01/2023	4,597.03	398.48	4,198.55	96,683.18
159	09/01/2023	4,597.03	381.90	4,215.13	92,468.05
160	10/01/2023	4,597.03	365.25	4,231.78	88,236.27
161	11/01/2023	4,597.03	348.53	4,248.50	83,987.77
162	12/01/2023	4,597.03	331.75	4,265.28	79,722.49
163	01/01/2024	4,597.03	314.90	4,282.13	75,440.36
164	02/01/2024	4,597.03	297.99	4,299.04	71,141.32
165	03/01/2024	4,597.03	281.01	4,316.02	66,825.30
166	04/01/2024	4,597.03	263.96	4,333.07	62,492.23
167	05/01/2024	4,597.03	246.84	4,350.19	58,142.04
168	06/01/2024	4,597.03	229.66	4,367.37	53,774.67
2024 Totals		55,164.36	3,875.27	51,289.09	
169	07/01/2024	4,597.03	212.41	4,384.62	49,390.05
170	08/01/2024	4,597.03	195.09	4,401.94	44,988.11
171	09/01/2024	4,597.03	177.70	4,419.33	40,568.78
172	10/01/2024	4,597.03	160.25	4,436.78	36,132.00
173	11/01/2024	4,597.03	142.72	4,454.31	31,677.69
174	12/01/2024	4,597.03	125.13	4,471.90	27,205.79
175	01/01/2025	4,597.03	107.46	4,489.57	22,716.22
176	02/01/2025	4,597.03	89.73	4,507.30	18,208.92
177	03/01/2025	4,597.03	71.93	4,525.10	13,683.82
178	04/01/2025	4,597.03	54.05	4,542.98	9,140.84
179	05/01/2025	4,597.03	36.11	4,560.92	4,579.92
180	06/01/2025	4,597.03	17.11	4,579.92	0.00
2025 Totals		55,164.36	1,389.69	53,774.67	
Grand Totals		827,465.40	237,465.40	590,000.00	



Branch Banking & Trust Co.

May 12, 2010

James Cox
Manager
Luceck Public Service District
PO Box 700
Washington, WV 26181

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1653
Fax (304) 340-4702

Dear Mr. Cox:

Branch Banking and Trust Company ("BB&T") will hold the interest rate of 4.74% fixed for fifteen years proposed on March 24, 2010, through the funding date of May 14, 2010. All other terms and conditions of the proposal dated March 24, 2010, for the water revenue bond shall remain the same.

Should you have any questions or concerns, please feel free to call me at (304)353-1635.

Sincerely,

BRANCH BANKING AND TRUST COMPANY

A handwritten signature in black ink, appearing to read "Russell R. Akers, II".

Russell R. Akers, II
Vice President

Enclosure

BANK INVESTMENT LETTER

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1653
Fax (304) 340-4702 3.3

May 14, 2010

Lubeck Public Service District
Washington, West VirginiaJackson Kelly PLLC
Charleston, West VirginiaRe: Lubeck Public Service District
Water Revenue Bonds, Series 2010 A (BB and T)

Ladies and Gentlemen:

The undersigned Russell R. Akers, Vice President of Branch Banking and Trust Company, Charleston, West Virginia (the "Purchaser"), on behalf of the Purchaser in connection with its purchase of the \$590,000 aggregate principal amount of the Lubeck Public Service District Water Revenue Bonds, Series 2010 A (BB and T) (the "Bonds"), issued by the Lubeck Public Service District (the "Issuer") on the date hereof, pursuant to a Bond Resolution adopted by the Issuer on May 13, 2010, as effective on and supplemented by a Supplemental Resolution adopted by the Issuer on May 13, 2010 (collectively, the "Bond Resolution"), hereby makes the following representations and warranties to you that:

1. We have sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Bonds.
2. We understand that the entire principal of and interest on the Bonds are payable by the Issuer solely from and secured by a first lien on the Net Revenues of the System on a parity with the First Lien Bonds and senior and prior to the Series 1990 B Bonds (as defined in the Bond Resolution); that the Bonds are special and limited obligations of the Issuer and are not general obligations or secured by any obligation or pledge of any monies received or to be received by the Issuer other than described above; and that the Bonds do not now and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.
3. We understand that no official statement, prospectus, offering circular or other offering statement containing material information with respect to the Issuer or the Bonds is being issued, that the Bonds are unrated,

and that in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds, and are relying solely on such inquiry and analysis in our purchase of the Bonds.

4. We acknowledge that during the course of the transaction and prior to the sale of the Bonds, we have requested or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Bonds and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase the Bonds. No such information requested by us has been denied to us.
5. Because of our experience in financial and business matters, we feel that we are qualified to make the inquiry and analysis described in paragraph 3 and to understand fully the documents and information described in paragraph 4.
6. We understand that the Bonds (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) may be resold only to purchasers who meet the criteria set forth herein and who, as a condition to such purchase, deliver an executed letter substantially in the form hereof to Jackson Kelly PLLC, Charleston, West Virginia.
7. We are purchasing the Bonds for investment in our own account. We do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.
8. The Bonds, the Bond Resolution and the other certificates, opinions and documents delivered in connection with the issuance of the Bonds

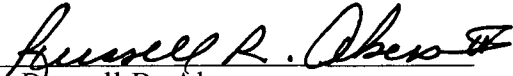
Lubeck Public Service District
Jackson Kelly PLLC
May 14, 2010
Page 3

contain such terms and are in such form that are acceptable to the Purchaser.

9. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Bonds are a lawful investment for us under applicable laws.

Very truly yours,

BRANCH BANKING AND TRUST COMPANY


By: Russell R. Akers
Its: Vice President

AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A (BB and T)

NUMBER: AR-1 INTEREST RATE: 4.74%

MATURITY DATE: June 1, 2025 BOND DATE: May 14, 2010

REGISTERED OWNER: BRANCH BANKING AND TRUST CO.

PRINCIPAL AMOUNT: FIVE HUNDRED NINETY THOUSAND DOLLARS
(\$590,000)

KNOW ALL MEN BY THESE PRESENTS THAT the LUBECK PUBLIC SERVICE DISTRICT, (hereinafter called the "Issuer"), for value received, promises to pay to the order of Branch Banking and Trust Co., or its registered assigns (the "Purchaser"), but solely from the sources and in the manner hereinafter provided, the principal sum of FIVE HUNDRED NINETY THOUSAND DOLLARS (\$590,000), in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of advance as endorsed hereon until paid, as follows:

The Bonds shall be payable and shall mature as follows:

(A) Interest shall be at a fixed rate of 4.74% per annum and shall be determined on the basis of a 365/360 day actual year times the actual principal amount of the Bonds outstanding up to and including the day immediately preceding the interest payment date.

(B) Payments of principal and interest shall be made on the 1st day of each month, beginning July 1, 2010 ("Principal and Interest Payment Dates"). This Bond shall be amortized in 180 payments over a period of 15 years, as described in Exhibit A. Such payments shall be payable by check or draft mailed to the Paying Agent or by wire transfer, as directed by the Purchaser.

(C) Notwithstanding any other provision of this Bond or the Resolution to the contrary, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), the rate of interest on the Bonds shall be payable at the rate of 2% above the prime rate published in the money rate column of the Wall Street Journal, as the same may change from time to time from the date of determination (the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date upon which a Determination of Taxability becomes effective, and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includable in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability and any interest being past due by reason of such increase shall become immediately due and payable; further, the present or former owners of the Bonds shall be entitled to payment, on demand, of any Special Charges. Special Charges means (a) an amount equal to any penalties or interest paid to the Internal Revenue Service or to the State by the present and former owners of the Bonds resulting from the failure to include interest on the Bonds in their gross income for purposes of determining their federal income tax or State income tax, plus any tax payable by them as a consequence of the receipt of such amount; plus (b) an amount equal to all reasonable administrative, out-of-pocket and other expenses, including legal fees and costs, incurred by the present and former holders which are directly or indirectly attributable to interest on the Bonds becoming subject to federal or State income tax as a result of the failure to include interest on the Bonds in their gross income for purposes of determining their federal or State income tax, including, without limitation, costs incurred by the present and former Bondholders in amending their federal or State tax returns. Principal and interest on this bond are payable by the Issuer on the Principal and Interest Payment Dates. The principal of and interest on this Bond are payable in lawful money of the United States of America without deduction for the services of the paying agent.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1990 A, DATED APRIL 2, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,139,013; WATER REVENUE BONDS, SERIES 1997, DATED MARCH 27, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$535,000; WATER REVENUE BONDS, SERIES 2005 A, DATED JUNE 17, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,573,000; WATER REVENUE BONDS, SERIES 2005 B, DATED JUNE 17, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,068,300; AND WATER REVENUE BONDS, SERIES 2005 C, DATED JUNE 17, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$472,000 (THE "FIRST LIEN

BONDS"). THE BONDS SHALL BE SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1990 B, DATED APRIL 2, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$146,487 (THE "SERIES 1990 B BONDS").

This Bond is issued with the intent that the laws of the State of West Virginia shall govern its construction. This Bond constitutes the entire issuance of an authorized issue of Water Revenue Bonds, Series 2010 A (BB and T) (the "Bonds"), issued in the aggregate principal amount of \$590,000 pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), for the purpose of financing all or a portion of the cost of the acquisition and construction of certain additions and betterments to the Issuer's Waterworks System (the "Project") and the cost of issuance thereof. The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Bond Resolution adopted by the Issuer on May 13, 2010 (the "Bond Resolution") and supplemented and amended by the Supplemental Resolution adopted on May 13, 2010 (collectively, the "Resolution").

An executed counterpart of the Resolution is on file at the office of said Issuer. The Resolution contains provisions for the issuance of Parity Bonds. Reference is hereby made to the Resolution and Supplemental Resolutions supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, the special subaccounts and revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are issued, the terms and conditions under which Additional Bonds may be issued, the rights, duties and obligations of the Issuer, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Resolution.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this bond. Upon such transfer a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefore.

The Issuer and Paying Agent may deem and treat the Registered Owner thereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Registrar with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The Bonds are limited special obligations of the Issuer and are payable solely out of the money payable under the Resolution and the Issuer and shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Resolution. Under the Resolution, the Issuer must pay the Paying Agent such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same mature.

The Registered Owner of the Bond shall have no right to enforce the provisions of the Resolution or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Resolution, the principal of all the bonds issued under the Resolution and then outstanding, may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Resolution, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Resolution.

Under the Act, this Bond and the interest hereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Issuer does not reasonably expect to issue more than \$30,000,000 of tax-exempt obligations during the calendar year 2010 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuance of this Bond in order to make this Bond a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Resolution, have happened and have been performed in regular and due form as required by law; that this Bond does not exceed or violate any constitutional or statutory limitation and that a sufficient amount of money has been pledged to and will be set aside into the Principal and Interest Account by the Issuer for the prompt payment of the principal of and interest on this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication and Registration appearing hereon shall have been duly and manually executed by the Registrar.

IN WITNESS WHEREOF, the LU BECK PUBLIC SERVICE DISTRICT has caused this Bond to be executed in its name by the manual signature of its Chairperson and its seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its Secretary, all as of the date set forth above.

LUBECK PUBLIC SERVICE DISTRICT

(SEAL)

By:

Chairperson

By:

Secretary

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within named Bond Resolution and has been duly registered in the name set forth above as of the date set forth below.

Dated: May 14, 2010.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

By:


Authorized Officer

AR-1

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades
 003-1221101-001

EXHIBIT ADEBT SERVICE SCHEDULE

Compound Period : Monthly

Nominal Annual Rate : 4.740 %

SPECIMEN

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	05/14/2010	590,000.00	1		
2 Payment	07/01/2010	4,597.03	180	Monthly	06/01/2025

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	05/14/2010				590,000.00
2010 Totals		0.00	0.00	0.00	
1	07/01/2010	4,597.03	3,734.32	862.71	589,137.29
2	08/01/2010	4,597.03	2,327.09	2,269.94	586,867.35
3	09/01/2010	4,597.03	2,318.13	2,278.90	584,588.45
4	10/01/2010	4,597.03	2,309.12	2,287.91	582,300.54
5	11/01/2010	4,597.03	2,300.09	2,296.94	580,003.60
6	12/01/2010	4,597.03	2,291.01	2,306.02	577,697.58
7	01/01/2011	4,597.03	2,281.91	2,315.12	575,382.46
8	02/01/2011	4,597.03	2,272.76	2,324.27	573,058.19
9	03/01/2011	4,597.03	2,263.58	2,333.45	570,724.74
10	04/01/2011	4,597.03	2,254.36	2,342.67	568,382.07
11	05/01/2011	4,597.03	2,245.11	2,351.92	566,030.15
12	06/01/2011	4,597.03	2,235.82	2,361.21	563,668.94
2011 Totals		55,164.36	28,833.30	26,331.06	
13	07/01/2011	4,597.03	2,226.49	2,370.54	561,298.40
14	08/01/2011	4,597.03	2,217.13	2,379.90	558,918.50
15	09/01/2011	4,597.03	2,207.73	2,389.30	556,529.20
16	10/01/2011	4,597.03	2,198.29	2,398.74	554,130.46
17	11/01/2011	4,597.03	2,188.82	2,408.21	551,722.25
18	12/01/2011	4,597.03	2,179.30	2,417.73	549,304.52
19	01/01/2012	4,597.03	2,169.75	2,427.28	546,877.24
20	02/01/2012	4,597.03	2,160.17	2,436.86	544,440.38
21	03/01/2012	4,597.03	2,150.54	2,446.49	541,993.89
22	04/01/2012	4,597.03	2,140.88	2,456.15	539,537.74
23	05/01/2012	4,597.03	2,131.17	2,465.86	537,071.88
24	06/01/2012	4,597.03	2,121.43	2,475.60	534,596.28
2012 Totals		55,164.36	26,091.70	29,072.66	
25	07/01/2012	4,597.03	2,111.66	2,485.37	532,110.91
26	08/01/2012	4,597.03	2,101.84	2,495.19	529,615.72
27	09/01/2012	4,597.03	2,091.98	2,505.05	527,110.67

AR-1

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades
 003-1221101-001

SPECIMEN

Date	Payment	Interest	Principal	Balance
28 10/01/2012	4,597.03	2,082.09	2,514.94	524,595.73
29 11/01/2012	4,597.03	2,072.15	2,524.88	522,070.85
30 12/01/2012	4,597.03	2,062.18	2,534.85	519,536.00
31 01/01/2013	4,597.03	2,052.17	2,544.86	516,991.14
32 02/01/2013	4,597.03	2,042.12	2,554.91	514,436.23
33 03/01/2013	4,597.03	2,032.02	2,565.01	511,871.22
34 04/01/2013	4,597.03	2,021.89	2,575.14	509,296.08
35 05/01/2013	4,597.03	2,011.72	2,585.31	506,710.77
36 06/01/2013	4,597.03	2,001.51	2,595.52	504,115.25
2013 Totals	55,164.36	24,683.33	30,481.03	
37 07/01/2013	4,597.03	1,991.26	2,605.77	501,509.48
38 08/01/2013	4,597.03	1,980.96	2,616.07	498,893.41
39 09/01/2013	4,597.03	1,970.63	2,626.40	496,267.01
40 10/01/2013	4,597.03	1,960.25	2,636.78	493,630.23
41 11/01/2013	4,597.03	1,949.84	2,647.19	490,983.04
42 12/01/2013	4,597.03	1,939.38	2,657.65	488,325.39
43 01/01/2014	4,597.03	1,928.89	2,668.14	485,657.25
44 02/01/2014	4,597.03	1,918.35	2,678.68	482,978.57
45 03/01/2014	4,597.03	1,907.77	2,689.26	480,289.31
46 04/01/2014	4,597.03	1,897.14	2,699.89	477,589.42
47 05/01/2014	4,597.03	1,886.48	2,710.55	474,878.87
48 06/01/2014	4,597.03	1,875.77	2,721.26	472,157.61
2014 Totals	55,164.36	23,206.72	31,957.64	
49 07/01/2014	4,597.03	1,865.02	2,732.01	469,425.60
50 08/01/2014	4,597.03	1,854.23	2,742.80	466,682.80
51 09/01/2014	4,597.03	1,843.40	2,753.63	463,929.17
52 10/01/2014	4,597.03	1,832.52	2,764.51	461,164.66
53 11/01/2014	4,597.03	1,821.60	2,775.43	458,389.23
54 12/01/2014	4,597.03	1,810.64	2,786.39	455,602.84
55 01/01/2015	4,597.03	1,799.63	2,797.40	452,805.44
56 02/01/2015	4,597.03	1,788.58	2,808.45	449,996.99
57 03/01/2015	4,597.03	1,777.49	2,819.54	447,177.45
58 04/01/2015	4,597.03	1,766.35	2,830.68	444,346.77
59 05/01/2015	4,597.03	1,755.17	2,841.86	441,504.91
60 06/01/2015	4,597.03	1,743.94	2,853.09	438,651.82
2015 Totals	55,164.36	21,658.57	33,505.79	
61 07/01/2015	4,597.03	1,732.67	2,864.36	435,787.46
62 08/01/2015	4,597.03	1,721.36	2,875.67	432,911.79
63 09/01/2015	4,597.03	1,710.00	2,887.03	430,024.76
64 10/01/2015	4,597.03	1,698.60	2,898.43	427,126.33
65 11/01/2015	4,597.03	1,687.15	2,909.88	424,216.45
66 12/01/2015	4,597.03	1,675.65	2,921.38	421,295.07
67 01/01/2016	4,597.03	1,664.12	2,932.91	418,362.16
68 02/01/2016	4,597.03	1,652.53	2,944.50	415,417.66

AR-1

Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades
 003-1221101-001

SPECIMEN

	Date	Payment	Interest	Principal	Balance
69	03/01/2016	4,597.03	1,640.90	2,956.13	412,461.53
70	04/01/2016	4,597.03	1,629.22	2,967.81	409,493.72
71	05/01/2016	4,597.03	1,617.50	2,979.53	406,514.19
72	06/01/2016	4,597.03	1,605.73	2,991.30	403,522.89
2016 Totals		55,164.36	20,035.43	35,128.93	
73	07/01/2016	4,597.03	1,593.92	3,003.11	400,519.78
74	08/01/2016	4,597.03	1,582.05	3,014.98	397,504.80
75	09/01/2016	4,597.03	1,570.14	3,026.89	394,477.91
76	10/01/2016	4,597.03	1,558.19	3,038.84	391,439.07
77	11/01/2016	4,597.03	1,546.18	3,050.85	388,388.22
78	12/01/2016	4,597.03	1,534.13	3,062.90	385,325.32
79	01/01/2017	4,597.03	1,522.04	3,074.99	382,250.33
80	02/01/2017	4,597.03	1,509.89	3,087.14	379,163.19
81	03/01/2017	4,597.03	1,497.69	3,099.34	376,063.85
82	04/01/2017	4,597.03	1,485.45	3,111.58	372,952.27
83	05/01/2017	4,597.03	1,473.16	3,123.87	369,828.40
84	06/01/2017	4,597.03	1,460.82	3,136.21	366,692.19
2017 Totals		55,164.36	18,333.66	36,830.70	
85	07/01/2017	4,597.03	1,448.43	3,148.60	363,543.59
86	08/01/2017	4,597.03	1,436.00	3,161.03	360,382.56
87	09/01/2017	4,597.03	1,423.51	3,173.52	357,209.04
88	10/01/2017	4,597.03	1,410.98	3,186.05	354,022.99
89	11/01/2017	4,597.03	1,398.39	3,198.64	350,824.35
90	12/01/2017	4,597.03	1,385.76	3,211.27	347,613.08
91	01/01/2018	4,597.03	1,373.07	3,223.96	344,389.12
92	02/01/2018	4,597.03	1,360.34	3,236.69	341,152.43
93	03/01/2018	4,597.03	1,347.55	3,249.48	337,902.95
94	04/01/2018	4,597.03	1,334.72	3,262.31	334,640.64
95	05/01/2018	4,597.03	1,321.83	3,275.20	331,365.44
96	06/01/2018	4,597.03	1,308.89	3,288.14	328,077.30
2018 Totals		55,164.36	16,549.47	38,614.89	
97	07/01/2018	4,597.03	1,295.91	3,301.12	324,776.18
98	08/01/2018	4,597.03	1,282.87	3,314.16	321,462.02
99	09/01/2018	4,597.03	1,269.77	3,327.26	318,134.76
100	10/01/2018	4,597.03	1,256.63	3,340.40	314,794.36
101	11/01/2018	4,597.03	1,243.44	3,353.59	311,440.77
102	12/01/2018	4,597.03	1,230.19	3,366.84	308,073.93
103	01/01/2019	4,597.03	1,216.89	3,380.14	304,693.79
104	02/01/2019	4,597.03	1,203.54	3,393.49	301,300.30
105	03/01/2019	4,597.03	1,190.14	3,406.89	297,893.41
106	04/01/2019	4,597.03	1,176.68	3,420.35	294,473.06
107	05/01/2019	4,597.03	1,163.17	3,433.86	291,039.20
108	06/01/2019	4,597.03	1,149.60	3,447.43	287,591.77
2019 Totals		55,164.36	14,678.83	40,485.53	

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Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades
 003-1221101-001

SPECIMEN

	Date	Payment	Interest	Principal	Balance
109	07/01/2019	4,597.03	1,135.99	3,461.04	284,130.73
110	08/01/2019	4,597.03	1,122.32	3,474.71	280,656.02
111	09/01/2019	4,597.03	1,108.59	3,488.44	277,167.58
112	10/01/2019	4,597.03	1,094.81	3,502.22	273,665.36
113	11/01/2019	4,597.03	1,080.98	3,516.05	270,149.31
114	12/01/2019	4,597.03	1,067.09	3,529.94	266,619.37
115	01/01/2020	4,597.03	1,053.15	3,543.88	263,075.49
116	02/01/2020	4,597.03	1,039.15	3,557.88	259,517.61
117	03/01/2020	4,597.03	1,025.09	3,571.94	255,945.67
118	04/01/2020	4,597.03	1,010.99	3,586.04	252,359.63
119	05/01/2020	4,597.03	996.82	3,600.21	248,759.42
120	06/01/2020	4,597.03	982.60	3,614.43	245,144.99
2020 Totals		55,164.36	12,717.58	42,446.78	
121	07/01/2020	4,597.03	968.32	3,628.71	241,516.28
122	08/01/2020	4,597.03	953.99	3,643.04	237,873.24
123	09/01/2020	4,597.03	939.60	3,657.43	234,215.81
124	10/01/2020	4,597.03	925.15	3,671.88	230,543.93
125	11/01/2020	4,597.03	910.65	3,686.38	226,857.55
126	12/01/2020	4,597.03	896.09	3,700.94	223,156.61
127	01/01/2021	4,597.03	881.47	3,715.56	219,441.05
128	02/01/2021	4,597.03	866.79	3,730.24	215,710.81
129	03/01/2021	4,597.03	852.06	3,744.97	211,965.84
130	04/01/2021	4,597.03	837.27	3,759.76	208,206.08
131	05/01/2021	4,597.03	822.41	3,774.62	204,431.46
132	06/01/2021	4,597.03	807.50	3,789.53	200,641.93
2021 Totals		55,164.36	10,661.30	44,503.06	
133	07/01/2021	4,597.03	792.54	3,804.49	196,837.44
134	08/01/2021	4,597.03	777.51	3,819.52	193,017.92
135	09/01/2021	4,597.03	762.42	3,834.61	189,183.31
136	10/01/2021	4,597.03	747.27	3,849.76	185,333.55
137	11/01/2021	4,597.03	732.07	3,864.96	181,468.59
138	12/01/2021	4,597.03	716.80	3,880.23	177,588.36
139	01/01/2022	4,597.03	701.47	3,895.56	173,692.80
140	02/01/2022	4,597.03	686.09	3,910.94	169,781.86
141	03/01/2022	4,597.03	670.64	3,926.39	165,855.47
142	04/01/2022	4,597.03	655.13	3,941.90	161,913.57
143	05/01/2022	4,597.03	639.56	3,957.47	157,956.10
144	06/01/2022	4,597.03	623.93	3,973.10	153,983.00
2022 Totals		55,164.36	8,505.43	46,658.93	
145	07/01/2022	4,597.03	608.23	3,988.80	149,994.20
146	08/01/2022	4,597.03	592.48	4,004.55	145,989.65
147	09/01/2022	4,597.03	576.66	4,020.37	141,969.28
148	10/01/2022	4,597.03	560.78	4,036.25	137,933.03
149	11/01/2022	4,597.03	544.84	4,052.19	133,880.84

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Lubeck Public Service District, WV
 Water Revenue Bond for Water Tank Upgrades
 003-1221101-001

SPECIMEN

	Date	Payment	Interest	Principal	Balance
150	12/01/2022	4,597.03	528.83	4,068.20	129,812.64
151	01/01/2023	4,597.03	512.76	4,084.27	125,728.37
152	02/01/2023	4,597.03	496.63	4,100.40	121,627.97
153	03/01/2023	4,597.03	480.43	4,116.60	117,511.37
154	04/01/2023	4,597.03	464.17	4,132.86	113,378.51
155	05/01/2023	4,597.03	447.85	4,149.18	109,229.33
156	06/01/2023	4,597.03	431.46	4,165.57	105,063.76
2023 Totals		55,164.36	6,245.12	48,919.24	
157	07/01/2023	4,597.03	415.00	4,182.03	100,881.73
158	08/01/2023	4,597.03	398.48	4,198.55	96,683.18
159	09/01/2023	4,597.03	381.90	4,215.13	92,468.05
160	10/01/2023	4,597.03	365.25	4,231.78	88,236.27
161	11/01/2023	4,597.03	348.53	4,248.50	83,987.77
162	12/01/2023	4,597.03	331.75	4,265.28	79,722.49
163	01/01/2024	4,597.03	314.90	4,282.13	75,440.36
164	02/01/2024	4,597.03	297.99	4,299.04	71,141.32
165	03/01/2024	4,597.03	281.01	4,316.02	66,825.30
166	04/01/2024	4,597.03	263.96	4,333.07	62,492.23
167	05/01/2024	4,597.03	246.84	4,350.19	58,142.04
168	06/01/2024	4,597.03	229.66	4,367.37	53,774.67
2024 Totals		55,164.36	3,875.27	51,289.09	
169	07/01/2024	4,597.03	212.41	4,384.62	49,390.05
170	08/01/2024	4,597.03	195.09	4,401.94	44,988.11
171	09/01/2024	4,597.03	177.70	4,419.33	40,568.78
172	10/01/2024	4,597.03	160.25	4,436.78	36,132.00
173	11/01/2024	4,597.03	142.72	4,454.31	31,677.69
174	12/01/2024	4,597.03	125.13	4,471.90	27,205.79
175	01/01/2025	4,597.03	107.46	4,489.57	22,716.22
176	02/01/2025	4,597.03	89.73	4,507.30	18,208.92
177	03/01/2025	4,597.03	71.93	4,525.10	13,683.82
178	04/01/2025	4,597.03	54.05	4,542.98	9,140.84
179	05/01/2025	4,597.03	36.11	4,560.92	4,579.92
180	06/01/2025	4,597.03	17.11	4,579.92	0.00
2025 Totals		55,164.36	1,389.69	53,774.67	
Grand Totals		827,465.40	237,465.40	590,000.00	

AR-1

(Form of Assignment)

SPECIMEN

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

(Please print or type name, address and Social Security Number of Transferee) the within
Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, as Attorney, to transfer the within Bond on the books kept for registration
thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: The signature to this assignment must correspond with the name as it appears
upon the face of the within Bond in every particular, without alteration or enlargement or
any change whatever.

BOND REGISTER

3.5

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$590,000	May 14, 2010

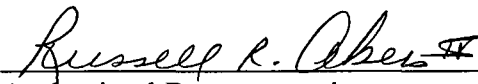
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

Branch Banking and Trust Company
501 Tennessee Avenue
Charleston, WV 25302

Signature of Registrar:

Branch Banking and Trust Company
Charleston, West Virginia


Authorized Representative

May 14, 2010

Lubeck Public Service District
Washington, West Virginia

Branch Banking and Trust Company
Charleston, West Virginia

Re: Lubeck Public Service District Water Revenue Bonds, Series 2010
A (BB and T)

Ladies and Gentlemen:

We have served as bond counsel to Lubeck Public Service District (the “Issuer”) in connection with the issuance of its Water Revenue Bonds, Series 2010 A (BB and T), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a commitment letter for the purchase of the Bonds, dated May 14, 2010, including all schedules and exhibits attached thereto (the “Commitment Letter”), from Branch Banking and Trust Company (the “Purchaser”), and (ii) the Bonds to be purchased by the Purchaser in accordance with the provisions of the Commitment Letter. The Bonds are issued in the principal amount of \$590,000, in the form of one bond, registered as to principal and interest with an interest rate of 4.74% per annum payable monthly on the 1st of each month, commencing July 1, 2010, all as set forth in the schedule attached to the Commitment Letter and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on May 13, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 13, 2010 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

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

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

2. The Commitment Letter has been approved by the Issuer.

3. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the First Lien Bonds and senior and prior to the Series 1990 B Bonds, all in accordance with the terms of the Bonds and the Resolution.

5. Under the Act, the Bonds and the interest, if any, thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

6. The Issuer has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and has covenanted that it does not reasonably expect to issue, together with any subordinate entities, more than \$30,000,000 of tax-exempt obligations (other than certain private activity bonds and refunding bonds) during the calendar year 2010. Therefore, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

7. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, assuming certain continuing compliance with certain covenants and the accuracy of certain representations contained in the Tax Certificate under Sections 103(b)(2) and 148 of the Code, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code and for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Code, interest on the Bonds is not included in computing adjusted current earnings. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance and delivery of the Bonds for interest thereon to be and continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Resolution and the Tax Certificate, and other certificates delivered in connection with the issuance of the Bonds. The Issuer has covenanted to comply with certain provisions and procedures pursuant to which such requirements can be satisfied. Failure to comply with certain of such Code requirements or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, irrespective of the date on which such noncompliance is ascertained. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Lubeck Public Service District
Branch Banking and Trust Company
May 14, 2010
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We have examined the executed and authenticated Bond numbered AR-1 and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in black ink, appearing to read "Josh Kelly" followed by a stylized flourish or set of initials.

RICHARD A. HAYHURST
ATTORNEY AT LAW
POST OFFICE BOX 86
PARKERSBURG, WEST VIRGINIA 26102-0086
414 MARKET STREET

AREA CODE 304
TELEPHONE 422-1445
FACSIMILE 428-2674

May 14, 2010,
Our 38th Year.

Lubeck Public Service District,
301 Ox Johnson Lane, Post Office Box 700,
Washington, West Virginia 26181-0700.

Branch Banking and Trust Company
Charleston, West Virginia

JacksonKelly PLLC,
Post Office Box 553,
Charleston, West Virginia 25322-0553.

In re: Lubeck Public Service District Water Revenue Bonds, Series 2010 A (BB and T)

Ladies and Gentlemen:

I am counsel to Lubeck Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a commitment letter for the purchase of the Bonds, dated May 14, 2010, including all schedules and exhibits attached thereto (the "Commitment Letter"), from Branch Banking and Trust Company, a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on May 13, 2010, as supplemented by a Supplemental Resolution duly adopted on May 13, 2010 (collectively, the "Resolution"), orders of The County Commission of Wood County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Commitment Letter and the Resolution when used herein.

I am of the opinion that:

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

RICHARD A. HAYHURST
ATTORNEY AT LAW

Lubeck Public Service District,
Branch Banking and Trust Company,
Jackson Kelly, PLLC,

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May 14, 2010.

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

3. The Commitment Letter has been approved by the Issuer.

4. The Resolution has been duly adopted by the Board and is in full force and effect.

5. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, 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.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from The County Commission of Wood County, the West Virginia Bureau for Public Health and the Public Service Commission of West Virginia (the "PSC"). The Issuer has received the PSC Order approving the rates for the System. The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the PSC Order entered on November 13, 2009, in Case No. 08-2016-PSWD-CN, approving the Project and approving the financing for the Project. The time for appeal of the November 13, 2009 Order has expired prior to the date hereof without any appeal having been filed. The Order remains in full force and effect.

7. The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and any notice required to be filed in conjunction with obtaining approval from the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

RICHARD A. HAYHURST
ATTORNEY AT LAW

Lubeck Public Service District,
Branch Banking and Trust Company,
Jackson Kelly, PLLC,

-3-

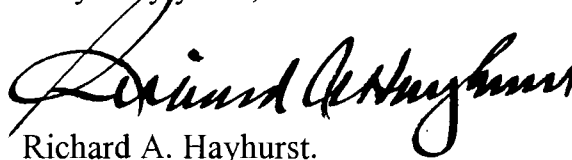
May 14, 2010.

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

9. I have ascertained that all successful bidders have provided the drugfree workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Resolution and the Commitment Letter; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



Richard A. Hayhurst.

RAH/23.

TAX CERTIFICATE

CERTIFICATE UNDER SECTIONS 103(b)(2) and 148 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

The Lubeck Public Service District (the “Issuer”) hereby certifies with respect to its \$590,000 Water Revenue Bonds, Series 2010 A (BB and T) (the “Obligations”), dated May 14, 2010, to be issued on the date hereof (the “Closing Date”), which is the date of delivery of, and payment of more than a de minimus portion for, the Obligations, pursuant to the Bond Resolution adopted by the Issuer on May 13, 2010, effective on and as supplemented by a Supplemental Resolution, dated May 13, 2010 (collectively, the “Bond Resolution”), and which are to be acquired by Branch Banking and Trust Company, as Purchaser, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds of the Obligations are, as of the Closing Date and according to the Issuer’s best knowledge, information and belief, reasonably expected to exist or to occur:

A. Proceeds.

The Proceeds of the Obligations consist, and will consist, of the Sale Proceeds and Investment Proceeds. The Sale Proceeds will be advanced from time to time to pay Costs of the Project. At least five percent (5%) will be advanced on the Closing Date.

The Sale Proceeds of the Obligations have been calculated as follows:

Par Amount of Obligations	\$590,000
Sale Proceeds	<u>\$590,000</u>

B. Purpose of Issue.

The Proceeds of the Obligations will be used to provide funds for the Issuer to acquire and construct certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of the cleaning, repairing, sandblasting, painting, and other improvements for the New England Ridge Water Storage Tank (a 200,000 gallon capacity elevated, column supported type water storage tank) and the Homewood Road Water Storage Tank (a 500,000 gallon capacity ground type water storage tank), together with the necessary appertaining work and any other water supply, treatment, distribution or storage improvements deemed necessary by the Issuer, together with all appurtenant facilities (the “Project”). The proceeds, together with certain other funds, will be used only:

- (i) to finance the Project; and

- (ii) to pay Costs of Issuance of the Obligations,

each of which constitutes a valid governmental purpose (the “Governmental Purpose”).

The total amount of Sale Proceeds of the Obligations received, or deemed received, by the Issuer will not exceed the amount necessary to finance the Governmental Purpose. The Obligations are being issued at this time in such amount because the Issuer is obligated or will soon be obligated to make payments under a contract for the Project, which construction contract will be entered into on the date hereof or soon thereafter.

C. Yield on the Obligations.

(1) The price at which a substantial amount of the Obligations was sold is \$590,000, which is par.

(2) The Yield on the Obligations is 4.74%.

(3) Neither the Issuer nor any Related Person to the Issuer has entered into or expects to enter into any Hedge with respect to the Obligations themselves.

D. Application of Sale Proceeds.

All of the Sale Proceeds of the Obligations will be used as described in this section.

(1) \$577,050 will be used to pay Costs of the Project as defined in the Bond Resolution upon receipt of a requisition signed by an Authorized Representative of the Issuer.

(2) \$12,950 will be used to pay Issuance Costs as defined in the Bond Resolution.

Any Proceeds not used in the manner set forth above will be used to pay Issuance Costs within six (6) months from the Closing Date, or will be used otherwise by the Issuer only with an approving opinion of Bond Counsel.

E. Expenditure of Proceeds.

The acquisition of the Project will commence shortly and the Issuer has incurred, or will incur within six (6) months after the Closing Date, a substantial binding commitment to expend at least five percent (5%) of its proportionate share of the Net Sale Proceeds of the Obligations on the Project. The Issuer expects to expend at least eighty-five percent (85%) of the Net Sale Proceeds within three (3) years after the Closing Date. The Project will proceed with due diligence to completion and the Proceeds will be spent on the Project no later than three (3) years after the Closing Date.

F. Investment of Proceeds.

(1) The Bond Resolution requires that the Issuer restrict the Use of the Proceeds of the Obligations in such manner and to such extent and take such other actions as may be necessary so that the Obligations will not constitute Arbitrage Bonds. Except for an amount equal to the

Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Obligations nor any Disposition Proceeds of the Obligations will be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods. If any Gross Proceeds of the Obligations are still invested at a Materially Higher Yield after the expiration of the Applicable Temporary Period, Yield Reduction Payments will be made.

(2) Not more than fifty percent (50%) of the Proceeds of the Obligations will be invested in Nonpurpose Investments that have a substantially guaranteed Yield for at least four (4) years.

(3) Payments made by the Issuer into the Sinking Fund established under the Bond Resolution will be used to pay Debt Service on the Obligations monthly which is within a thirteen (13) month period, beginning on the date of deposit. Any Investment Proceeds earned thereon will be spent within one (1) year after the date of receipt. The Sinking Fund will be depleted at least once a year, except for a reasonable carryover amount (not to exceed the greater of (a) one year's earnings on the Revenue Fund or (b) one-twelfth (1/12) of annual Debt Service). The Sinking Fund will be used primarily to achieve a proper matching of revenues and Debt Service requirements of the Obligations within each year.

(4) Except for the Sinking Fund, no other account, Pledged Fund or credit facility has been or will be established to pay Debt Service of or premium, if any, on the Obligations. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of Debt Service of or premium, if any, on the Obligations, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Obligations that such funds will be available to pay Debt Service of or premium, if any, on the Obligations.

G. General.

(1) Pursuant to the Bond Resolution, no portion of the Project will be sold or otherwise disposed of by the Issuer prior to the final principal maturity date of the Obligations.

(2) The Issuer hereby elects to treat the Obligations for purposes of satisfying the Spending Exceptions to Rebate described in Section 148(f) of the Code and Treas. Reg. §1.148-7 issued thereunder, pursuant to Treas. Reg. §1.148-7(b)(6)(ii).

(3) The Issuer will not make any prepayment of Debt Service of the Obligations to the Sinking Fund if such prepayment would cause the interest on the Obligations to be includable in the gross income, for federal income tax purposes, of any holder of the Obligations.

(4) There are no amounts, other than the Gross Proceeds of the Obligations, that are available for the Governmental Purpose. Except for the funds described in Section F, if any, there are no sinking funds or Pledged Funds and the term of the Obligations is not longer than reasonably necessary for the Governmental Purpose.

(5) Any Arbitrage Compliance Payments owed with respect to the Obligations will be remitted to the United States Treasury not later than sixty (60) days after (i) each Installment Computation Date, and (ii) the Final Computation Date for the Obligations.

(6) The Issuer has not employed in connection with the issuance of the Obligations a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder to enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or to increase the burden on the market for Tax-Exempt Bonds through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(7) The Issuer has not sold any obligations, nor does it expect to sell any obligations, other than the Obligations, within fifteen (15) days before or after the Sale Date of the Obligations pursuant to the same plan of financing for the Project or any related facilities which are payable from substantially the same source of funds as the Obligations.

(8) The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of Subsection 265(b) of the Code. The Issuer does not reasonably expect and covenants not to issue, or to have issued on its behalf, more than \$30,000,000 of tax-exempt obligations, including the Bonds, during the calendar year 2010.

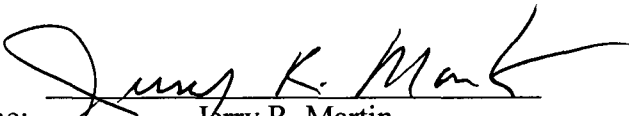
(9) The Issuer has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the Issuer's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

(10) To the best knowledge, information and belief of the undersigned, who is authorized by the Issuer to sign this certificate on behalf of the Issuer, the above expectations of the Issuer as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

(11) Capitalized terms not defined in this Certificate are defined in the Memorandum of Instructions Regarding Use of Proceeds and Arbitrage Compliance (the "Memorandum of Instructions") to the Issuer, attached hereto and made a part hereof.

(12) This certificate is being executed and delivered pursuant to Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the Proceeds of the Obligations will be used in a manner that would cause the Obligations to be Arbitrage Bonds.

LUBECK PUBLIC SERVICE DISTRICT

By: 
Name: Jerry R. Martin
Title: Chairperson

Dated: May 14, 2010

**MEMORANDUM OF INSTRUCTIONS REGARDING
USE OF PROCEEDS AND ARBITRAGE COMPLIANCE**

To: Lubeck Public Service District

Date: May 14, 2010

Re: Lubeck Public Service District's \$590,000 Water Revenue Bonds, Series 2010 A (BB and T)

This Memorandum of Instructions Regarding Use of Proceeds and Arbitrage Compliance (the "Memorandum") has been prepared with regard to the above-referenced obligations (the "Obligations"), which were issued May 14, 2010 (the "Closing Date") by Lubeck Public Service District (the "Issuer") pursuant to a Bond Resolution and a Supplemental Resolution, adopted on May 13, 2010, (collectively, the "Resolution"), to finance the cost of designing certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"), as further described in the Resolution.

In the Bond Resolution, the Issuer covenanted not to take any actions that would cause the interest on the Obligations to become includable in gross income for federal income tax purposes. The Issuer has also certified to certain facts, current expectations and future actions in the Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "No-Arbitrage Certificate"), relating to current and future investments and expenditures of the Proceeds of the Obligations. Pursuant to the Bond Resolution and the No-Arbitrage Certificate, the Issuer must not use the Proceeds of the Obligations or any property financed with such Proceeds if such Use would violate the restrictions of the Internal Revenue Code of 1986, as amended (the "Code").

This Memorandum is intended to provide you with guidance in complying with these restrictions, including the Private Activity Bond restrictions of Section 141 of the Code and the investment limitations and rebate requirements of Section 148 of the Code, as currently interpreted in regulations, rulings, notices and announcements that have been promulgated by the United States Treasury Department, including Treasury Regulations §§ 1.141-0 through 1.141-16 and §§ 1.148-0 through -11, and in court decisions to the extent necessary to ensure that interest on the Obligations remains excludible from gross income under Section 103(a) of the Code and does not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax.

For purposes of this Memorandum, any requirements relating to a fund or account held under the Bond Resolution and/or applicable provision of the laws of the State of West Virginia apply only to that portion of such fund or account allocable to the Obligations. Please refer to the No-Arbitrage Certificate and the Appendix to this Memorandum for definitions of the capitalized terms used herein.

1. Use of the Proceeds.

(a) General Restrictions. Not more than ten percent (10%) of the Use of either the Proceeds of the Obligations or the Project may be Private Use if more than ten percent (10%) of the principal of or interest on the Obligations is secured or to be paid, either directly or indirectly, by any Private User, not more than five percent (5%) of the Use of either the Proceeds of the Obligations or the Project may be Unrelated Private Use or Disproportionate Private Use and not more than the lesser of five percent (5%) of the Proceeds of the Obligations or \$150,000 may be used to make Private Loans.

(b) Expenditures for the Project. The Issuer must expect to incur, within six months after the Closing Date, a substantial binding commitment to an Unrelated Person to expend at least five percent (5%) of its proportionate share of the Net Sale Proceeds of the Obligations and the initiation of design of the Project must commence within a reasonable period of time after the Closing Date. It has certified that the Project will commence shortly. The Issuer must expect that (i) it will expend at least eighty-five percent (85%) of the Net Sale Proceeds of the Obligations within three (3) years after the Closing Date, (ii) the design of the Project will proceed with due diligence to completion, and (iii) the Proceeds of the Obligations will be spent within three (3) years after the Closing Date. For this purpose, a Reimbursement Allocation may be treated as an expenditure. The total amount of Sale Proceeds, together with Investment Proceeds, must not exceed the amount necessary for the Project, including, to the extent permitted, issuance expenses and interest during design.

(c) Reimbursement Allocations. The Issuer may not allocate any of the Proceeds of the Obligations to Capital Expenditures that were paid prior to sixty (60) days before the date on which the Issuer adopted a Reimbursement Resolution authorizing the issuance of debt to finance the Project, except that allocations of any Proceeds of the Obligations for Costs of Issuance paid before the Closing Date, for certain preliminary Capital Expenditures not in excess of twenty percent (20%) of the Issue Price of the Obligations, and for an amount of Capital Expenditures not in excess of the lesser of five percent (5%) of the issue or \$100,000 may be made even if the expenditure was paid more than sixty (60) days prior to the date of adoption of the Reimbursement Resolution described herein and even if the allocation would not otherwise qualify as a Reimbursement Allocation. The Issuer has authorized to reimburse itself for engineering costs in the Supplemental Resolution adopted May 14, 2010.

(d) Service Contracts.

(i) Post-May 15, 1997 Contracts and Modifications. The Issuer should not enter into, materially modify or extend (other than pursuant to a Renewal Option existing on May 15, 1997) a Service Contract with any Service Provider to manage, provide services in, or otherwise use the Project, unless:

(A) Reasonable Compensation. The compensation is reasonable for the services rendered by the Service Provider and the Service Contract does not provide for any compensation based, in whole or in part, on a share of net profits from the operation of the Project, and

(B) Compensation Arrangements. The compensation arrangement during each annual period during the term of the Service Contract complies with the terms of Subparagraphs (B)(I), (II), (III), or (IV) of this Subsection:

(I) Fixed Fee.

(a) 95% Fixed. At least ninety-five percent (95%) of the consideration for services is based on a Periodic Fixed Fee, which may include an Incentive Award; provided however that the term (including Renewal Options) of such Service Contract does not exceed the lesser of eighty percent (80%) of the expected useful life of the Project or fifteen (15) years;

(b) 80% Fixed. At least eighty percent (80%) of the consideration for services is based on a Periodic Fixed Fee, which may include an Incentive Award; provided, however that the term (including Renewal Options) of such Service Contract does not exceed the lesser of eighty percent (80%) of the expected useful life of the Project or ten (10) years; or

(c) 50% Fixed. At least fifty percent (50%) of the consideration for services is based on a Periodic Fixed Fee; provided, however, that the term (including Renewal Options) of such Service Contract does not exceed five (5) years and the contract includes a Cancellation Right at the end of the third year of the Service Contract;

(II) Capitation Fee. More than fifty percent (50%) of the consideration for services is based on a Capitation Fee and any remaining consideration is based on a Periodic Fixed Fee; provided, however, that the term (including Renewal Options) of such Service Contract does not exceed five (5) years and the contract includes a Cancellation Right at the end of the third year of the Service Contract;

(III) Per-Unit Fee. More than fifty percent (50%) of the consideration for services is based on a Per-Unit Fee and any remaining consideration is based on a Periodic Fixed Fee; provided, however, that the term (including Renewal Options) of such Service Contract does not exceed three (3) years, and the contract includes a Cancellation Right at the end of the second year of the Service Contract; or

(IV) Percentage Fee. All the consideration for services is a percentage of fees charged or costs incurred (but not both) or is a combination of a percentage of fees charged or costs incurred and Per-Unit Fees; provided, however, that the term (including Renewal Options) of such Service Contract does not exceed two (2) years and the contract includes a Cancellation Right at the end of the first year of the Service

Contract; and provided, further, that such Service Contract is one under which the Service Provider primarily provides services to third parties, or the Service Contract is one that involves a facility during an initial startup period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues and expenses, during which time, the consideration may be based on a percentage of gross revenues, adjusted gross revenues or costs;

(C) Control. Not more than twenty percent (20%) of the voting power of the governing body of the Issuer, in the aggregate, should be vested in the Service Provider or in the Service Provider's directors, officers, shareholders and employees. Additionally, the respective chief executive officers of the Issuer and the Service Provider and of the governing bodies of the Issuer and the Service Provider should not serve on the governing body of the other and the Issuer and the Service Provider should not be members of the same controlled group, as defined in Treas. Reg. § 1.150-1(e) or Related Persons; and

(D) Exception. Any agreements that do not satisfy Subparagraphs (i)(A) – (C) of this Subsection or Rev. Proc. 97-13, 1997-1 C.B. 632, may be entered into provided that the Issuer receives an opinion of Bond Counsel that to do so would not adversely affect the Federal Tax Status of the Obligations; and

(ii) Pre-May 16, 1997 Contracts. The Issuer must have ascertained that any Service Contract entered into prior to May 16, 1997 satisfies the provisions of either Rev. Proc. 93-19, 1993-1 C.B. 526 or Subparagraph (i) of this Subsection or the Issuer should have received an opinion of Bond Counsel that the existing Service Contract will not adversely affect the Federal Tax Status of the Obligations.

(e) Changes in Use or User of Project.

(i) Use of the Project. The Issuer must expect that it will use the Project for the entire stated term of the Obligations unless the Obligations are subject to a Mandatory Redemption Provision.

(ii) Sales, Other Dispositions and Leases. Except as otherwise provided in Subparagraph (iv) of this Subsection, no part of the Project should be sold, otherwise disposed of or leased unless the Issuer obtains an opinion of Bond Counsel that either (A) such sale, other disposition or lease will not adversely affect the Federal Tax Status of the Obligations, or (B) the Issuer satisfies the requirements for a Remedial Action.

(iii) Changes in Use. Except as otherwise provided in Subparagraph (iv) of this Subsection, the Issuer should not permit any Use of the Project by any person or entity other than itself unless it obtains an opinion of Bond Counsel that either (A) such Use will not constitute a Change in Use or otherwise adversely affect the Federal Tax Status of the Obligations, or (B) the Issuer satisfies the requirements for a Remedial Action.

(iv) Exception for Dispositions of Personal Property. Any portion of the Project that consists of personal property may be sold in the ordinary course of an established

governmental program if (A) the weighted average maturity of the portion of the Obligations financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual Use of such personal property by the Issuer, (B) the Issuer expected on the Closing Date that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost, and (C) at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

(v) Agreement of New User. Prior to the sale, exchange or other disposition of any portion of the Project to any person or entity or the Use of any portion of the Project by any person or entity other than itself, and assuming that the requirements of the other Paragraphs of this Section are satisfied, the Issuer should require that the new user will use that portion of the Project in a manner that will not violate the directions contained in this Memorandum.

2. Investment of the Proceeds.

(a) General Investment Restrictions. The Bond Resolution requires that the Issuer restrict the Use of the Proceeds of the Obligations in such manner and to such extent and take such other actions as may be necessary so that the Obligations will not constitute Arbitrage Bonds. Except for an amount equal to the Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Obligations nor any Disposition Proceeds of the Obligations may be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods. If any amount of Gross Proceeds of the Obligations is still invested at a Materially Higher Yield after the expiration of the Applicable Temporary Period, Yield Reduction Payments may be owed.

(b) Hedge Bond Restriction. Not more than fifty percent (50%) of the Sale Proceeds of the Obligations may be invested in any Nonpurpose Investment having a substantially guaranteed Yield for four or more years.

(c) Reasonably Required Reserve or Replacement Fund. Either no amount on deposit in all Reasonably Required Reserve or Replacement Funds for the Obligations, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement, should exceed the least of (i) ten percent (10%) of the stated principal amount of the Obligations, (ii) the maximum annual Debt Service of the Obligations, or (iii) one hundred twenty-five percent (125%) of average annual Debt Service of the Obligations, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits may not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), appropriate Yield Reduction Payments should be timely made.

(d) Separate Investments. The Issuer should invest the Proceeds of the Obligations separately from any other of its investments.

(e) Acquisition of Investments.

(i) General Rule. Investment Property must be acquired and disposed of on an established market, in arms'-length transactions, at a price equal to the fair market value and no amounts should be paid to reduce the Yield on the Investment Property.

(ii) Certificates of Deposit ("CD's"). CD's may only be purchased if:

(A) Maker. The CD is issued by a commercial bank;

(B) Terms. It has a fixed interest rate, a fixed principal payment schedule and a substantial penalty for early withdrawal; and

(C) Yield. It has a Yield that is:

(I) Comparable. Not less than the Yield on a reasonably comparable direct obligation of the United States; and

(II) Highest Available. Not less than the highest Yield published or posted by the commercial bank to be currently available from that bank for comparable CD's offered to the public;

(iii) Guaranteed Investment Contracts. GIC's may only be purchased if:

(A) Competitive Bids. A bona fide solicitation for the GIC with specified terms, in writing, is timely made to at least three (3) reasonably competitive providers, each with an established industry reputation;

(B) Bid Specifications. The bid specifications include all material terms, including the reasonably expected draw-down schedule for the funds being invested, exclusive of amounts in any Bona Fide Debt Service Fund or any Reasonably Required Reserve or Replacement Fund, and all terms are commercially reasonable, with a legitimate business purpose other than to increase the Purchase Price or reduce the Yield;

(C) No Tie-In. The bid specifications notify the bidders that any bidder will be treated as representing to the Issuer that it has not consulted with any other bidder about its bid, that its bid is made without regard to any other agreement, formal or informal, with any person, including the Issuer, and that its bid is genuine and not a mere courtesy bid to enable the Issuer to comply with Treas. Reg. § 1.148-5(d)(6)(iii)(B);

(D) No Second Look. All bidders have an equal opportunity to bid and no bidder is given the opportunity to review the bid made by any other bidder;

(E) Bids. At least three bids responding to bid solicitations that meet the requirements of Subparagraph (B) of this Paragraph are received from different providers of GIC's with no material financial interest, directly or indirectly, in the Obligations and at least one of these bids is from a reasonably competitive provider, as described in Subparagraph (A) of this Paragraph, and none are

received from any agent conducting the bidding. For this purpose, the financial advisors of the Issuer with respect to the purchase of the GIC and, for fifteen (15) days after the Closing Date, a lead underwriter in a negotiated underwriting are all deemed to have a material financial interest in the issue;

(F) Highest Yield. The Yield (determined net of broker's fees) on the GIC purchased is the highest Yield of the qualifying bids;

(G) Bidding Fee. The amount of the fee charged by the bidding agent for the GIC that will be treated as a Qualified Administrative Fee in determining the Yield on the GIC is limited to the greater of (I) a reasonable amount, as described in Treas. Reg. § 1.148-5(e)(2)(i), issued under the Code; or (II) the present value of annual payments equal to two-tenths of one percent (0.2%) of the GIC Computational Base, with a maximum of \$30,000 and a minimum of \$3,000 if the amount determined under (II) is less, provided that the total such fees for any such investments made with the Proceeds of the Obligations does not exceed \$85,000. The amounts specified herein shall be subject to change under the cost of living adjustment provisions of Treas. Reg. § 1.148-5(e)(2)(iii)(B);

(H) Administrative Costs. The provider of the GIC certifies the administrative costs incurred in connection with the GIC reasonably expected to be paid to third parties;

(iv) United States Treasury Obligations ("Treasuries"). Treasuries may only be purchased if:

(A) Direct Purchases. The Treasuries are purchased directly from the United States Treasury (such as SLGS); or

(B) Other Purchases. The purchase complies with the following:

(I) GIC Bid Rules. The Bid meets the requirements of Subparagraphs (iii)(A) and (B) of this Section, except that the bid does not need to specify an expected drawdown schedule;

(II) Cost. The Purchase Price of the Treasuries:

(a) Lowest Cost. Is either the lowest cost bid for the entire portfolio, or the lowest aggregate cost, determined on a security-by-security basis;

(b) Seller Payments. Includes any payments made by the seller of the Treasuries to the Issuer; and

(c) Comparison to SLGS. Is not greater than the cost of the most efficient portfolio comprised of SLGS determined at the time of the bid submission, unless SLGS are not then available; and

(III) Bidding Fee. The amount of the fee charged by the bidding agent that will be treated as a Qualified Administrative Fee in determining the Yield on Treasuries not purchased directly from the United States Treasury is limited to the greater of (I) a reasonable amount, as described in Treas. Reg. § 1.148-5(e)(2)(i), issued under the Code; or (II) the present value of annual payments equal to two-tenths of one percent (0.2%) of the Yield-Restricted Investment Computational Base, with a maximum of \$30,000 and a minimum of \$3,000 if the amount determined under (II) is less, provided that the total such fees for any such investments made with the Proceeds of the Obligations does not exceed \$85,000. The amounts specified herein shall be subject to change under the cost of living adjustment provisions of Treas. Reg. § 1.148-5(e)(2)(iii)(B).

3. Timing and Method of Determination of Arbitrage Compliance Payments. The Issuer covenanted in the Bond Resolution to take all actions necessary to comply with the rebate requirements applicable to investments of the Proceeds of the Obligations contained in Section 148(f) of the Code and the Treasury Regulations thereunder. In addition, if any of the Gross Proceeds of the Obligations in excess of the Minor Portion remain unspent beyond the available Applicable Temporary Periods, the Issuer must determine if any Yield Reduction Payment is owed. Any Hedge with respect to the Obligations could affect the determination of whether the Obligations are a fixed rate issue, under Treas. Reg. § 1.148-4(b) or a variable rate issue under Treas. Reg. 1.148-4(c) and could affect the calculation of the Yield on the Obligations for purposes of satisfying the Yield limitations of Section 148 of the Code and of determining any Rebate Amount. In addition, the sale of any right to redeem the Obligations could affect the Yield for purposes of calculating the Rebate Amount. The Issuer, therefore, must take the following actions:

(a) Installment Computation Date. No later than five (5) years after the Closing Date, the Issuer must select the initial Installment Computation Date for the Obligations.

(b) Collection of Records. Immediately after each Installment Computation Date and the Final Computation Date for the Obligations, the Issuer must assemble copies of records concerning investments of Gross Proceeds of the Obligations, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement, and provide all such information to the Rebate Analyst within thirty (30) days after each Installment Computation Date and the Final Computation Date for the Obligations, so that the Rebate Analyst can track all Investment Property acquired with the Gross Proceeds of the Obligations during the relevant Computation Period for the Obligations.

(c) Calculation of Arbitrage Compliance Payment. The Issuer must direct the Rebate Analyst to calculate the Rebate Amount, the Required Rebate, the Yield Reduction Amount and the Rebate Payment (the "Arbitrage Amounts") for the Obligations upon receipt of such records and in any event within forty-five (45) days after each Installment Computation Date and the Final Computation Date for the Obligations. In determining the Rebate Amount:

(i) Debt Service Funds. No amount in any Bona Fide Debt Service Funds may be included in Gross Proceeds of the Obligations.

(ii) Expenditures Made. Unless it would increase the Rebate Amount,

(A) Six-Month Expenditure Exception. No amount of Gross Proceeds of the Obligations, as modified by Treas. Reg. § 1.148-7(c)(3), need be included in Gross Proceeds of the Obligations if all such modified Gross Proceeds are expended within six (6) months after the Closing Date, or twelve (12) months for an amount equal to the lesser of five percent (5%) of the Sale Proceeds of the Obligations or \$100,000; and

(B) Construction Expenditure Exception to Rebate. No amount of ACP need be included in Gross Proceeds of the Obligations, if the Construction Expenditure Amounts are expended by each of the Target Dates for the Obligations.

(d) Arbitrage Compliance Payments. No later than sixty (60) days after each Installment Computation Date and the Final Computation Date for the Obligations, the Issuer must remit an amount equal to the Arbitrage Compliance Payment, if any, for the Obligations to the United States Treasury at the office of the Internal Revenue Service prescribed by the Treasury Regulations or by the Commissioner of the Internal Revenue Service. The remittances must each be accompanied by any form or forms required, which may include (i) a statement summarizing the computation of the amount required to be paid as described in this Section and (ii) Internal Revenue Service Form 8038-T or such other forms as may be required.

4. Records.

(a) General. The Issuer must keep proper records and accounts, which should contain complete and correct entries of all transactions relating to the Obligations and the Gross Proceeds of the Obligations. The Issuer should retain the information described in this Section for at least six (6) years after the Redemption Date of the Obligations.

(b) Project Expenditures. All requisitions, disbursements, allocations, applications and payments made for the Project, including all such items made with Gross Proceeds of the Obligations, should be kept in a separate record.

(c) Investments.

(i) General. The Issuer must keep a separate record of all purchases and sales of Investment Property made with the Gross Proceeds of the Obligations, including money derived from, pledged to or to be used to pay Debt Service of the Obligations. The records should specify the account or fund in which each Investment Property is to be held and should set forth for each Investment Property, (A) the Purchase Price, (B) identifying information, including par amount, coupon rate, and payment dates, (C) the amount received at maturity or the sale price, as the case may be, including accrued interest, (D) the amounts and dates of any payments made with respect thereto, and (E) the dates of acquisition and disposition or maturity.

(ii) Guaranteed Investment Contracts. The Issuer must keep copies of the contract and the bid solicitation, any deviation from specifications accepted and any

amendment to the bids received, and the reasons for such changes and every bid submitted, including the name of the person and entity submitting the bid, the time and date of the bid and the bid results.

(iii) Treasuries for Yield-Restricted Escrows. If the Treasuries are not purchased directly from the United States Treasury, the Issuer must keep copies of the bid solicitation form, any deviation from the specifications that are accepted and any amendment to the bids received and the reasons for such changes, and every bid submitted, including the name of the person and entity submitting the bid, and the cost of the most efficient portfolio of SLGS, unless SLGS were not then available.

(d) Arbitrage Compliance. The Issuer must keep copies of all records relating to the determination of Arbitrage Compliance Payments.

5. Security.

(a) General Restrictions. Not more than ten percent (10%) of the principal of or interest on the Obligations may be secured or paid, either directly or indirectly by any Private User if there is Private Use in excess of ten percent (10%) of the Proceeds of the Obligations or of the Project.

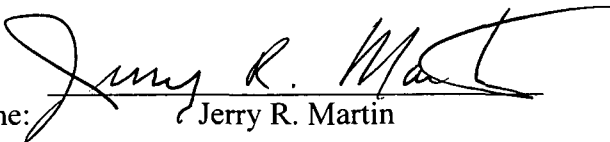
(b) No Federal Guarantee. The Gross Proceeds of the Obligations may not be invested in any Investment Property that is Federally-Guaranteed and no portion of the Debt Service of the Obligations may be Federally-Guaranteed, either directly or indirectly.

Since the requirements of Sections 141 and 148 of the Code may be amplified in the future and interpretations of the requirement may change, we may amend or supplement this Memorandum from time to time to reflect such changes. In addition, you may seek clarification of the requirements of this Memorandum, particularly whether any specified action is still required or whether some further or different action is required.

By its acknowledgement of receipt of this Memorandum, the Issuer hereby agrees to comply with the directions given in this document. To that end, the Issuer should also require that the Trustee comply with such requirements with respect to any Gross Proceeds of the Obligations of which the Trustee has custody or otherwise supervises.

Received and acknowledged:

LUBECK PUBLIC SERVICE DISTRICT

By: 
Name: Jerry R. Martin
Title: Chairperson
Date: May 14, 2010

APPENDIX

DEFINITIONS

In addition to words and terms elsewhere defined in this Memorandum and in the No-Arbitrage Certificate, the following words and terms used in this Memorandum shall have the following meanings, unless some other meaning is plainly intended:

“AMT Bond” means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5)(C) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

“Applicable Temporary Period” means the temporary investment period available for each particular category of Gross Proceeds of Governmental Obligations, as provided in Treas. Reg. § 1.148-2(e), during which time such Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts in a Capital Acquisition Fund is three (3) years from the Closing Date of the Governmental Obligations, the Applicable Temporary Period for any amount deposited in a Bona Fide Debt Service Fund is thirteen (13) months from the date of deposit in such fund, the Applicable Temporary Period for any Investment Proceeds of Governmental Obligations is one (1) year from the date of receipt of such amounts, the Applicable Temporary Period for any Replacement Proceeds of Governmental Obligations is thirty (30) days from the date such amounts become Replacement Proceeds and the Applicable Temporary Period for any Disposition Proceeds of Governmental Obligations will be determined under Treas. Reg. § 1.141-12(a).

“Arbitrage Bond” means any Governmental Obligation that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

“Arbitrage Compliance Payment” means any Rebate Payment and any Yield Reduction Payment.

“Available Construction Proceeds (“ACP”)” means the portion of the Proceeds, as specially defined in Section 148(f)(4)(C)(vi) of the Code, of Governmental Obligations allocable to Construction Expenditures.

“Bona Fide Debt Service Fund” means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of Governmental Obligations within each Bond Year and is depleted at least once each Bond Year, except for the Permitted Carryover.

“Bond Counsel” means a nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of Tax-Exempt Bonds.

“Bond Year” means the period commencing on the Closing Date of Governmental Obligations and ending on a date within one year after such Closing Date and then each one-year period commencing the day after such date and each anniversary of such date thereafter.

“Cancellation Right” means the right of a Governmental Entity to cancel a contract on reasonable notice without penalty or cause.

“Capital Acquisition Fund” means a fund that is to be used to finance the purchase, construction and acquisition of assets and facilities that qualify as Capital Expenditures.

“Capital Expenditure” means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code and, for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

“Capitation Fee” means a fixed amount paid per individual covered, so long as the types and quantity of services actually provided to covered individuals varies substantially, which fee may increase automatically, based on a specific, objective, external standard unrelated to the output or efficiency of the facility being managed. For this purpose, up to twenty percent (20%) of the total fee may consist of a variable component to protect the Service Provider from catastrophic loss.

“Change in Use” means any sale, exchange, lease or other disposition and any contract for any sale, exchange, lease or other disposition of any portion of a Governmental Facility to any Private User or any Use of such facility that would be a Private Use.

“Closing Date” means the date obligations are issued and paid for, as provided in Treas. Reg. § 1.150-1(b).

“Computation Period” means the period from the Closing Date of Governmental Obligations or the day after any Installment Computation Date for such obligations through the next Installment Computation Date or through the Final Computation Date for the obligations, as applicable.

“Construction Expenditure” means any Capital Expenditure that is allocable to the cost of constructing real or personal property, as defined in Treas. Reg. § 1.148-7(g). Such expenditures do not include costs of acquiring interests in land or existing property, but may include costs for reconstruction and rehabilitation.

“Construction Expenditure Amount” means the amount of ACP of Governmental Obligations that must be expended by each Target Date for such obligations, pursuant to Section 148(f)(4)(C)(ii) of the Code. The Construction Expenditure Amount for the First Target Date is ten percent (10%) of the ACP, the Construction Expenditure Amount for the Second Target Date is forty-five percent (45%) of the ACP, the Construction Expenditure Amount for the Third Target Date is seventy-five percent (75%) of the ACP and the Construction Expenditure Amount for the Fourth Target Date is one hundred percent (100%) of the ACP, except that if certain amounts are to be retained for a reasonable business purpose relating to the facilities being financed with the Proceeds of the Governmental Obligations at the Fourth Target Date, ninety-five percent (95%) shall apply instead of one hundred percent (100%). If ninety-five percent (95%) (rather than one hundred percent (100%)) is used at the Fourth Target Date, then one hundred percent (100%) of the ACP must be spent by the Fifth Target Date. For these purposes, a Reimbursement Allocation shall be treated as an expenditure.

“Construction Expenditure Exception to Rebate” means Treas. Reg. § 1.148-7(e), which provides that Governmental Obligations which qualify as a Construction Issue will be treated as satisfying the rebate requirements of Section 148 of the Code if the Construction Expenditure Amounts are spent by the Target Dates for such obligations and any Required Rebate owed on Proceeds of such obligations that are not ACP is paid.

“Construction Issue” means an issue or portion of an issue of Governmental Obligations if at least seventy-five percent (75%) of the Proceeds of such issue or portion will finance Construction Expenditures.

“Cost of Issuance” means any expenditure incurred in connection with the issuance of Governmental Obligations, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accountants' fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the facilities financed with the Proceeds of such obligations.

“Debt Service” means any principal and interest payments on obligations.

“Demand Deposit SLGS” means any SLGS described in 31 CFR 344, Subpart C.

“Disposition Cash” means the Disposition Proceeds of Governmental Bonds with respect to the sale, exchange or other disposition of any Governmental Facilities when such proceeds consist exclusively of cash.

“Disposition Proceeds” means the amounts, including property, received from the sale, exchange or other disposition of any Governmental Facilities, as provided in Treas. Reg. § 1.141-12(c).

“Disproportionate Private Use” means the excess of Related Private Use over the Related Governmental Use.

“Eligible Yield-Restricted Proceeds” means any Yield-Restricted Proceeds, as specially described in Treas. Reg. § 1.148-5(c)(3), of Governmental Obligations the Yield on which may be reduced by making Yield Reduction Payments.

“Escrow Fund” means a fund to hold Investment Property that has been created for a particular purpose.

“Federal Tax Status” means the classification of any Tax-Exempt Bond as a Governmental Bond.

“Federally-Guaranteed” means having the payment of any Debt Service of Governmental Obligations or any loan made with Proceeds of such obligations guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

“Final Computation Date” means the Redemption Date of Governmental Obligations, but no earlier than eight (8) months after the Closing Date of such obligations, unless the

Governmental Issuer reasonably expects that the Construction Expenditure Exception to Rebate will apply, in which event, it means the Final Target Date of the obligations, if later than the Redemption Date.

“Final Target Date” means the Fourth or the Fifth Target Date for Governmental Obligations, as may be applicable.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code and determined by the Internal Revenue Service to be exempt from taxation under Section 501(a) of the Code.

“Future Value” means future value, as defined in Treas. Reg. § 1.148-3(c).

“GIC Computational Base” means the amount of Gross Proceeds of Governmental Obligations reasonably expected to be deposited, as of the date the contract is acquired, over the term of the contract.

“Governmental Bond” means any Governmental Obligation that satisfies the requirements of Section 103 and 141 through 150 of the Code and is not a Private Activity Bond.

“Governmental Entity” means any State and any political subdivision and agency of any State.

“Governmental Facility” means any property owned by one or more Governmental Entities financed or refinanced with Governmental Bonds, provided that not more than ten percent (10%) of such property is used by Private Users.

“Governmental Issuer” means the Governmental Entity that is the debtor on or issuer of a Governmental Obligation.

“Governmental Obligation” means any debt obligation of a Governmental Entity.

“Gross Proceeds” means Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §§ 1.148-1(b) and -1(c), of Governmental Obligations, until spent.

“Guaranteed Investment Contract (“GIC”)” means any Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, as well as any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“Hedge” means any contract with respect to Governmental Obligations that creates an interest rate swap, an interest rate cap, the right to future delivery of Investment Property, or the right to sell or buy either the obligations or Investment Property purchased with the Proceeds of such obligations, or other similar rights.

“Hedge Bond” means any Governmental Obligation that is described in Section 149(g)(3)(A) of the Code, or is a Refunding Bond of a Hedge Bond, or is a Refunding Bond of a Governmental Obligation issued before September 15, 1989 that has an average maturity date

later than the average maturity date of the obligation being retired or redeemed or exceeds the amount of such obligation.

“Incentive Award” means a one-time single, stated dollar increase in the amount of the Periodic Fixed Fee during the term of a Service Contract, given when either a gross revenue target or a gross expense target (but not both) is met.

“Independent” means not being a shareholder, partner, member, director, trustee, officer or employee of an entity.

“Installment Computation Date” means, generally, the date that is five years after the Closing Date of Governmental Obligations, unless an earlier date is chosen for this purpose, and thereafter, the date that is five years after the preceding Installment Computation Date, until the Final Computation Date for the obligations.

“Investment Proceeds” means any amounts actually or constructively earned or received from investing the Proceeds of Governmental Obligations in Investment Property.

“Investment Property” means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond unless an AMT Bond), annuity contract and other investment-type property and any Residential Rental Property.

“Issue Price” means, generally, the initial offering price to the public (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount (at least ten percent (10%) of each maturity) of Governmental Obligations is sold, unless such obligations are sold to one purchaser that intends to hold the obligations for investment and not resale to the general public, and then the Issue Price means the Purchase Price paid by such purchaser.

“Mandatory Redemption Provision” means a requirement that Governmental Obligations must be retired or redeemed within six months after the occurrence of a Private Use of the Proceeds of the obligations or of any facilities financed with such Proceeds, provided that, on the Closing Date of such obligations, the Governmental Issuer had Reasonable Use Expectations.

“Materially Higher Yield” means any Yield that is higher than the Yield permitted to be earned under Section 148 of the Code and Treas. Regs. §§ 1.148-1 through -11.

“Minor Portion” means an amount of the Proceeds of Governmental Obligations, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds invested during an Applicable Temporary Period, not in excess of the lesser of (i) five percent (5%) of the Proceeds of such obligations, or (ii) \$100,000.

“Negative Pledge” means any agreement to maintain an amount of Investment Property at a particular level for the benefit, directly or indirectly, of any holder of Governmental Obligations or any guarantor of the obligations, except that any agreement under which the Governmental Issuer of such obligations can grant rights to the funds that are superior to the rights of any holder or guarantor of the obligations that meets the requirements of Treas. Reg. § 1.148-1(c)(3)(ii)(A) or any agreement under which the amount to be maintained is reasonable

and may be tested not more often than every six (6) months and that meets the requirements of Treas. Reg. § 1.148-1(c)(3)(ii)(B), shall not be treated as a Negative Pledge.

“Net Proceeds” means the Proceeds of Governmental Obligations less amounts thereof deposited in all Reasonably Required Reserve or Replacement Funds, if any.

“Net Sale Proceeds” means the Sale Proceeds of Governmental Obligations, less amounts thereof deposited in all Reasonably Required Reserve or Replacement Funds, if any, and less the Minor Portion.

“1954 Code” means the Internal Revenue Code of 1954, as amended through August 15, 1986, or as appropriate, to the date a particular debt instrument was issued.

“No-Arbitrage Certificate” means the “Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended,” given by the Governmental Issuer with respect to Governmental Obligations.

“Non-Governmental Person” means any natural person and any entity, other than a Governmental Entity.

“Nonpurpose Investment” means any Investment Property other than a Purpose Investment.

“Nonqualified Portion” means the portion of Governmental Obligations no longer deemed to finance Governmental Facilities following any Change in Use of such facilities, provided that the Nonqualified Portion is determined using the highest percentage of Private Use in the one-year period commencing with the Change in Use.

“Periodic Fixed Fee” means a fixed dollar amount for a specified period of time, which may increase automatically, based on a specific, objective, external standard unrelated to the output or efficiency of the facility being managed.

“Permitted Carryover” means an amount that does not exceed the greater of the earnings on the Bona Fide Debt Service Fund for Governmental Obligations for the immediately preceding Bond Year or one-twelfth (1/12) of the Debt Service of the obligations for the immediately preceding Bond Year.

“Per-Unit Fee” means a fee for each service performed, provided that the fee is specified in the contract, or is determined by an Independent person or organization or by the Governmental Issuer, which may also increase automatically, based on a specific, objective, external standard unrelated to the output or efficiency of the facility being managed.

“Pledged Fund” means any amount pledged, directly or indirectly, to pay Debt Service of Governmental Obligations, which provides reasonable assurance of such amounts being paid even if the Governmental Issuer experiences financial difficulties. Pledged Funds include amounts subject to a Negative Pledge.

“Pre-TRA Bond” means any Governmental Obligation the interest on which was excludible from gross income for federal income tax purposes pursuant to Sections 103 or 103A of the 1954 Code.

“Private Activity Bond” means any Governmental Obligation if (i) there is more than ten percent (10%) Private Use of the Proceeds of such obligations and more than ten percent (10%) of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly, by any Private User; (ii) more than the lesser of five percent (5%) of the Proceeds of the obligations or \$5,000,000 is used to make Private Loans; (iii) there is more than five percent (5%) Unrelated Private Use and more than five percent (5%) of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly with respect to or from property financed with the Proceeds of the obligations that is used in an Unrelated Private Use; or (iv) there is more than five percent (5%) Disproportionate Private Use and more than five percent (5%) of the principal of or interest on such obligations is secured or to be paid, either directly or indirectly with respect to property financed with the obligations that is used in a Disproportionate Private Use, all as described in Section 141 of the Code.

“Private Loan” means any loan, directly or indirectly, of any of the Proceeds of Governmental Obligations to any Non-Governmental Person.

“Private Use” means the Use of any Proceeds of Governmental Obligations or any Governmental Facilities by Private Users.

“Private User” means any Non-Governmental Person, other than a natural person not engaged in a trade or business.

“Proceeds” means all Sale Proceeds, Investment Proceeds and Transferred Proceeds of Governmental Obligations.

“Purchase Price” means fair market value, as provided in Treas. Reg. § 1.148-5(d).

“Qualified Administrative Fee” means any reasonable, direct administrative cost, other than a carrying cost, such as a separately stated brokerage or selling commission, but does not include any legal or accounting fee, record keeping, custody, or similar costs, or general overhead costs and similar indirect costs of the Governmental Issuer.

“Qualified Alternative Use” means Use of Governmental Facilities by any person other than the Governmental Issuer of Governmental Obligations that financed such facilities following a Change in Use of the facilities in a manner that would qualify under any provision of Sections 103 and 141 through 150 of the Code, provided that all of the requirements of Treas. Reg. § 1.141-12(f) are satisfied and the acquisition is not financed with the Proceeds of an issue of Tax-Exempt Bonds other than such obligations or Refunding Bonds.

“Qualified Cash Defeasance” means the creation, with Investment Property purchased with the Disposition Cash remaining after being allocated to other Remedial Actions, of a Yield-Restricted Escrow within ninety (90) days after the sale, exchange or other disposition resulting in a Change in Use of any Governmental Facility to defease a pro rata portion of the Governmental Obligations issued to finance the facility at the earliest call date available,

provided that the Commissioner of the Internal Revenue Service is notified of the establishment of such escrow within ninety (90) days after its creation.

“Qualified Cash Redemption” means the retirement or redemption, with the Disposition Cash remaining after being allocated to Qualified Replacements, if any, of a pro rata portion of the Nonqualified Portion of Governmental Obligations within ninety (90) days after the sale, exchange or other disposition resulting in a Change in Use of any Governmental Facility financed with the Proceeds of such obligations. Although generally a pro rata portion of each maturity of the obligations must be retired or redeemed, the Governmental Issuer may instead retire or redeem any obligation so long as the weighted average maturity of the remaining obligations is not greater than the weighted average maturity of all the obligations immediately prior to the retirement or redemption.

“Qualified Defeasance” means the creation, with Investment Property of a Yield-Restricted Escrow within ninety (90) days after any Change in Use of any Governmental Facility to defease the Nonqualified Portion of the Governmental Obligations issued to finance the facility remaining after any Qualified Redemption at the earliest call date available, provided that the Commissioner of the Internal Revenue Service is notified of the establishment of such escrow within ninety (90) days after its creation, and a Qualified Cash Defeasance.

“Qualified 501(c)(3) Bond” means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

“Qualified Guarantee Fee” means any expenditure incurred in connection with obtaining a qualified guarantee of Governmental Obligations, within the meaning of Treas. Reg. § 1.148-4(f).

“Qualified Private Activity Bond” means any Private Activity Bond that satisfies the requirements of Section 141(e) of the Code.

“Qualified Redemption” means (i) the retirement or redemption of the Nonqualified Portion of Governmental Obligations within ninety (90) days after the Change in Use of any Governmental Facility financed with such obligations, and (ii) a Qualified Cash Redemption. Although generally a pro rata portion of each maturity of the obligations must be retired or redeemed, the Governmental Issuer may instead retire or redeem any obligation so long as the weighted average maturity of the remaining obligations is not greater than the weighted average maturity of all the obligations immediately prior to the retirement or redemption.

“Qualified Replacement” means the purchase, with Disposition Cash, of Replacement Property within two (2) years after the date of any sale, exchange or other disposition resulting in the Change in Use of a Governmental Facility, provided that any remaining Disposition Cash is used for a Qualified Cash Redemption or a Qualified Cash Defeasance.

“Reasonable Use Expectation” means the expectation, reasonably based on the facts known on the Closing Date of Governmental Obligations, that the facilities financed with the Proceeds of such obligations would be used as Governmental Facilities for a substantial period before any Private Use, provided that the Governmental Issuer does not enter into any arrangements with respect to such facilities with any Private User prior to such Closing Date.

“Reasonably Required Reserve or Replacement Fund” means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by the lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, a national bond rating agency, or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. § 1.148-2(f).

“Rebate Amount” means the excess of the Future Value of “Receipts” over the Future Value of “Payments” (each as defined in the Treasury Regulations) from and for Nonpurpose Investments, pursuant to Treas. Reg. § 1.148-3(b). For this purpose, a “computation credit” of \$1,000 shall be treated as a “Payment” made on the last date of each Bond Year during which there are Gross Proceeds of the Governmental Obligations invested that are subject to the rebate provisions of Section 148(f) of the Code and Treas. Reg. § 1.148-3.

“Rebate Analyst” means Bond Counsel or a nationally recognized Independent public accounting firm.

“Rebate Payment” means the amount of Required Rebate that must be remitted to the United States Treasury pursuant to the Code and Treasury Regulations thereunder, plus penalties and interest, if any.

“Redemption Date” means the date on which the final payment of Debt Service of Governmental Obligations is made, whether upon maturity, redemption or acceleration thereof.

“Refunding Bond” means any Governmental Obligation the Proceeds of which are used to pay the Debt Service of or premium on another obligation of the obligor or of any Related Person, as provided in Treas. Reg. § 1.150-1(d).

“Reimbursement Allocation” means a written allocation of the Proceeds of Governmental Obligations intended to reimburse, pursuant to a Reimbursement Resolution, the Governmental Issuer for Capital Expenditures for facilities being financed with such obligations that were paid no earlier than sixty (60) days prior to the date of the Reimbursement Resolution, provided that any such allocation is made within eighteen (18) months after the later of the date the Capital Expenditure was paid or the date such facilities are placed in service, but in no event later than three (3) years after the payment date of the expenditure. Any written allocation made within thirty (30) days after the Closing Date of such obligations shall be treated as if made on such Closing Date.

“Reimbursement Resolution” means a declaration of intent, pursuant to Treas. Reg. § 1.150-2, issued under the Code, by a Governmental Issuer to finance Capital Expenditures with debt. For this purpose, the issuance of debt to finance specific facilities shall constitute a Reimbursement Resolution, the date of adoption of which shall be no later than the Closing Date of such debt.

“Related Governmental Use” means any Use of Governmental Facilities by a Governmental Entity that is related to the Use of such facilities by a Private User.

“Related Person” means a “related person” within the meaning of Section 147(a)(2) of the Code and a “related party” within the meaning of Treas. Reg. § 1.150-1(b).

“Related Private Use” means any Private Use that is not Unrelated Private Use.

“Remedial Action” means a Qualified Alternative Use, a Qualified Defeasance, a Qualified Redemption and/or a Qualified Replacement, provided that the Remedial Action Conditions are satisfied.

“Remedial Action Conditions” means that (i) either the Governmental Issuer (a) expected on the Closing Date of Governmental Obligations that there would be no Private Use of any facilities financed with the Proceeds of such obligations nor any Private Loan of any of such Proceeds, or (b) such obligations were subject to a Mandatory Redemption Provision, (ii) the weighted average maturity of such obligations on their Closing Date is not greater than 120 percent of the average reasonably expected economic life of the facilities financed with such Proceeds, (iii) the Private Use or Private Loan is granted at fair market value on bona fide, arm’s length terms and (iv) the Proceeds of such obligations were originally spent for a Governmental Purpose.

“Renewal Option” means a legally enforceable right to renew a contract.

“Replacement Proceeds” means amounts replaced by Proceeds of Governmental Obligations, including any sinking fund, Pledged Fund, reserve or replacement fund, or other funds that would be expected to be used to pay Debt Service of any such obligations, within the meaning of Treas. Reg. § 1.148-1(c).

“Replacement Property” means any Governmental Facility.

“Required Rebate” means the amount determined by subtracting the Future Value, as of each Computation Date for Governmental Obligations, of all Rebate Payments for such obligations previously made from (i) on an Installment Computation Date for the obligations, at least ninety percent (90%) of the Rebate Amount determined as of that date, and (ii) on the Final Computation Date for the obligations, the Rebate Amount.

“Residential Rental Property” means any residential rental property for family units not located in the jurisdiction of the Governmental Issuer or not acquired to implement a court ordered or approved housing desegregation plan.

“Sale Date” means the first day on which the Governmental Issuer and the original purchasers of Governmental Obligations are bound, in writing, to the sale and purchase of such obligations on specific terms that are not later modified or adjusted.

“Sale Proceeds” means the Issue Price of Governmental Obligations, including amounts paid or deemed paid as underwriters’ discount, but excluding amounts paid for interest accrued prior to the Closing Date of such obligations.

“Service Contract” means a contract between the Governmental Issuer and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility.

“Service Provider” means any Private User that provides management or other services.

“SLGS” means any security that is part of the United States Treasury Obligation - State and Local Government Series.

“Spendable Proceeds” means Net Sale Proceeds of Governmental Obligations.

“State” means any state and possession of the United States of America and the District of Columbia.

“Target Date” means each of the dates by which the Construction Expenditure Amounts for Governmental Obligations must be spent. The First Target Date for such obligations is six (6) months after the Closing Date of the obligations; the Second Target Date is one (1) year after such Closing Date; the Third Target Date is eighteen (18) months after such Closing Date; the Fourth Target Date is two (2) years after such Closing Date and the Fifth Target Date is three (3) years after such Closing Date.

“Tax-Exempt Bond” means (i) any Governmental Obligation the interest on which is excludible from gross income for federal income tax purposes, pursuant to Sections 103 and 150(a)(6) of the Code, (ii) any Pre-TRA Bond, (iii) certain tax-exempt mutual funds, as provided in Treas. Reg. § 1.150-1(b), and (iv) any Demand Deposit SLGS.

“Transferred Proceeds” means any Proceeds of Governmental Obligations that become Proceeds of other Governmental Obligations, pursuant to Treas. Reg. § 1.148-9, following redemption of the former obligations.

“Treasury Regulation” and “Treas. Reg.” means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

“United States” means the United States of America and any agency or instrumentality thereof.

“United States Treasury Obligation” means any Investment Property that is an obligation of the United States Treasury.

“Unrelated Person” means any person and any entity that is not a Related Person and is Independent.

“Unrelated Private Use” means any Private Use that is not related to the Use by a Governmental Entity of Governmental Facilities.

“Unrelated Trade or Business” means a trade or business or similar activity carried on by a 501(c)(3) Organization that is unrelated to the exempt purpose of the 501(c)(3) Organization, within the meaning of Section 513 of the Code.

“Use” means (i) owning, (ii) leasing, (iii) managing or servicing, (iv) being entitled to the output of facilities financed with Governmental Obligations, or (v) having any other arrangement, agreement or understanding, whether written or oral, that (A) conveys special legal entitlements to any Private User with respect to such facilities, if available to the general public,

or (B) conveys special economic benefits to any Private User with respect to such facilities if not available for Use by the general public. Use pursuant to contracts meeting the requirements of Rev. Proc. 93-19, 1993-1 C.B. 526 or Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39, whichever is applicable, any applicable successor Revenue Ruling or Procedure or United States Treasury Regulation or as described in Section 1(d) of this Memorandum, does not constitute Use. Use by a natural person as an employee for federal income tax purposes of a user does not constitute Use.

“Yield” means that discount rate which, when computing the present value of all payments of Debt Service to be made on an obligation, produces an amount equal to, in the case of Governmental Obligations, their Issue Price, and in the case of any Investment Property purchased with the Gross Proceeds of Governmental Obligations, its Purchase Price, pursuant to Treas. Regs. §§ 1.148-4 and -5.

“Yield Reduction Amount” means, on each Installment Computation Date for Governmental Obligations, at least ninety percent (90%) of the excess of the Future Value of “Receipts” over the Future Value of “Payments” (each as defined in the Treasury Regulations) from and for Eligible Yield-Restricted Proceeds of such obligations invested at a Materially Higher Yield, less the Future Value of any previously paid Yield Reduction Payments for the obligations and, on the Final Computation Date, one hundred percent (100%) of the excess of the Future Value of “Receipts” over the Future Value of “Payments” (each as defined in the Treasury Regulations) from and for Eligible Yield-Restricted Proceeds of the obligations invested at a Materially Higher Yield, less the Future Value of any previously paid Yield Reduction Payments.

“Yield Reduction Payment” means any payment of the Yield Reduction Amount for Governmental Obligations made to the United States Treasury pursuant to Treas. Reg. § 1.148-5(c) with respect to Eligible Yield-Restricted Proceeds of such obligations invested at a Materially Higher Yield.

“Yield-Restricted Escrow” means Investment Property held in an Escrow Fund that, either together, or if Treas. Reg. § 1.148-10(b) applies, individually, may not be at a Materially Higher Yield, pursuant to Treas. Reg. § 1.148-2.

“Yield-Restricted Investment Computational Base” means the initial amount of Gross Proceeds of Governmental Obligations invested in the Investment Property.

“Yield-Restricted Proceeds” means any Gross Proceeds of Governmental Obligations that may not be invested at a Materially Higher Yield, pursuant to Section 148 of the Code.

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.10

RECEIPT FOR BONDS

The undersigned authorized representative of Branch Banking and Trust Company (the "Purchaser"), for and on behalf of the Purchaser, hereby certifies as follows:

1. On this 14th day of May, 2010, in Charleston, West Virginia, the Purchaser received the Water Revenue Bonds, Series 2010 A (BB and T), of Lubeck Public Service District (the "Issuer"), in the principal amount of \$590,000, numbered AR-1, issued in the form of one bond, fully registered to the Purchaser, and dated May 14, 2010 (the "Bonds").

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

WITNESS my signature on this 14th day of May, 2010.

BRANCH BANKING AND TRUST COMPANY


Authorized Representative

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.11

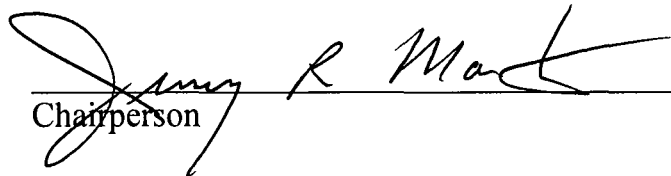
RECEIPT FOR BOND PROCEEDS

The undersigned Chairperson of Lubeck Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On this 14th day of May, 2010, the Issuer received from the Branch Banking and Trust Company (the "Purchaser"), as the original purchaser of the \$590,000 Lubeck Public Service District Water Revenue Bonds, Series 2010 A (BB and T), dated May 14, 2010 (the "Series 2010 A Bonds"), the sum of \$590,000, being the entire principal amount of the Series 2010 A Bonds. The Issuer understands that the remaining proceeds of the Series 2010 A Bonds will be advanced to the Issuer by the Purchaser from time to time as construction proceeds to completion.

WITNESS my signature on this 14th day of May, 2010.

LUBECK PUBLIC SERVICE DISTRICT


Chairperson

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.12

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER BONDS

Branch Banking and Trust Company
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$590,000 Water Revenue Bonds, Series 2010 A (BB and T), in the form of one bond, numbered AR-1, dated May 14, 2010 (the "Bonds"), of Lubeck Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution duly adopted by the Issuer on May 13, 2010.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to Branch Banking and Trust Company.

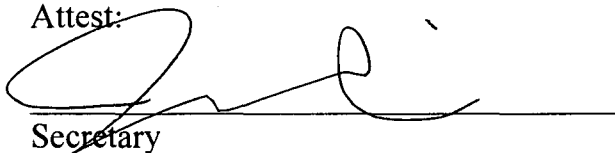
WITNESS my signature on this 14th day of May, 2010.

LUBECK PUBLIC SERVICE DISTRICT


Chairperson

(SEAL)

Attest:


Secretary

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.13

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of May, 2010, by and between LUBECK PUBLIC SERVICE DISTRICT, a public corporation (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$590,000 Water Revenue Bonds, Series 2010 A (BB and T), dated May 14, 2010 (the "Bonds"), in the form of one bond, in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution adopted by the Issuer on May 13, 2010 (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 Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer 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 Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

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 Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the 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:

ISSUER:

Lubeck Public Service District
P.O. Box 700
Washington, WV 26181
Attention: Chairperson

REGISTRAR:

Branch Banking and Trust Company
501 Tennessee Avenue
Charleston, WV 25302
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

LUBECK PUBLIC SERVICE DISTRICT


Chairperson

BRANCH BANKING AND TRUST COMPANY

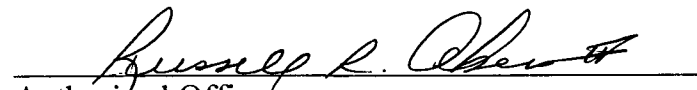

Authorized Officer

EXHIBIT A

See Bond Resolution (Tab No. 8)

See Supplemental Resolution (Tab No. 9)

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.14

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2010 A (BB and T), of Lubeck Public Service District (the "Issuer"), dated May 14, 2010, in the principal amount of \$590,000, numbered AR-1, was registered as to principal and interest, in the name of "Branch Banking and Trust Company" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 14th day of May, 2010.

BRANCH BANKING AND TRUST COMPANY,
as Registrar



Authorized Officer

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.15

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Depository Bank for the Series 2010 A Bonds Construction Trust Fund (the "Fund") in connection with a Bond Resolution and a Supplemental Resolution adopted by Lubeck Public Service District (the "Issuer") on May 13, 2010 (collectively, the "Resolution"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2010 A (BB and T), in the aggregate principal amount of \$590,000, dated May 14, 2010, and agrees to serve as Depository Bank for the Fund, all as set forth in the Resolution.

WITNESS my signature on this 14th day of May, 2010.

BRANCH BANKING AND TRUST COMPANY



Authorized Officer



United States Department of Agriculture
Rural Development
West Virginia State Office

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2010 A (BB and T) (the "Series 2010 A Bonds"), in the original aggregate amount not to exceed \$600,000, by Lubeck Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2010 A Bonds (collectively, the "Resolution"), on a parity with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 1997, Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) and Water Revenue Bonds, Series 2005 C (United States Department of Agriculture) (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2010 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 13th day of May, 2010.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT



BOBBY LEWIS
State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

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Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).



WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

3.18

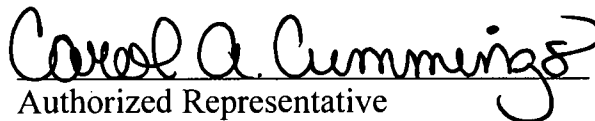
LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

CONSENT TO ISSUANCE OF BONDS

In reliance upon a certificate of Philip R. Postlewait, Jr., certified public accountant and the opinion of Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds , Series 2010 A (BB and T) (the "Series 2010 A Bonds"), in the original aggregate principal amount of \$590,000, by Lubeck Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2010 A Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1990 A and Water Revenue Bonds, Series 2005 A and senior and prior to the Issuer's Water Revenue Bonds, Series 19999 B(collectively, the "Prior Bonds"). Additionally, the undersigned hereby (i) consents to the issuance of the Series 2010 A Bonds without prepaying the Issuer's Bond Anticipation Notes, Series 2009 A (the "Series 2009 A Notes"); and (ii) waives any requirements imposed by the Series 2009 A Notes or the resolution authorizing the Series 2009 A Notes, regarding the issuance of bonds without the payment of the Series 2009 A Notes in regard to the issuance of the Series 2010 A Bonds.

WITNESS my signature on this 14th day of May, 2010.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY


Authorized Representative

LUBECK PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2010 A
(BB and T)

CERTIFICATE OF PURCHASER

BRANCH BANKING AND TRUST COMPANY, Charlotte, North Carolina (the "Purchaser"), as original purchaser from the Lubeck Public Service District (the "Issuer") of the Bonds (the "Bonds"), hereby certifies on this 14th day of May, 2010, that:

1. We are purchasing the Bonds for our own portfolio and none of the Bonds have been the subject of an initial offering to the public. We do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.

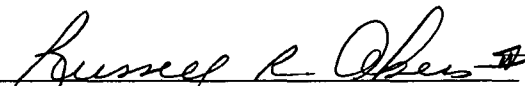
2. The weighted average maturity of the Bonds is 8.4868 years.

3. The interest rate on the Bonds is 4.74%.

4. This certificate may be relied upon by the Issuer with respect to its Tax Certificate relating to the Bonds, and by Jackson Kelly PLLC in rendering their tax opinion with respect to the Bonds.

IN WITNESS WHEREOF, BRANCH BANKING AND TRUST COMPANY, has caused this Certificate to be executed by its duly authorized officer, as of the day and year first above written.

BRANCH BANKING AND TRUST COMPANY

By: 
Its: Vice President

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 401

1207 Quarrier Street, Charleston, WV 25301

(304) 558-3971

3.20

NEW ISSUE REPORT FORM

Date of Report: May 14, 2010

ISSUE: Lubeck Public Service District Water Revenue Bonds, Series 2010 A (BB and T)ADDRESS: P.O. Box 700, Washington, WV 26181 COUNTY: WoodPURPOSE OF ISSUE: New Money _____
Refunding _____ Refunds issue(s) dated: _____ISSUE DATE: May 14, 2010 CLOSING DATE: May 14, 2010ISSUE AMOUNT: \$590,000 RATE: 4.74%1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A1st DEBT SERVICE AMOUNT: \$ N/A PAYING AGENT: Branch Banking & Trust CompanyBOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____Contact Person: Samme L. Gee, Esquire Contact Person: _____Phone: (304) 340-1318 Phone: _____CLOSING BANK: Branch Banking & Trust Co. ESCROW TRUSTEE: _____

Contact Person: _____

Contact Person: Rusty Akers Phone: _____Phone: (304) 353-1635

KNOWLEDGEABLE ISSUER CONTACT: OTHER: _____

Contact Person: James Cox Contact Person: _____Position: Manager Function: _____Phone: (304) 863-3341 Phone: _____E-Mail: lubeckpsd@casinternet.net

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____

Capitalized Interest: \$ _____

By _____ Wire _____ Reserve Account: \$ _____

Check _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____

Check _____ To Issuer: \$ _____

IGT _____ To Cons. Invest. Fund \$ _____

To Other: \$ _____

NOTES: The Bond Commission will only hold the Series 2010 A Bonds Reserve Account to be funded over 10 years. The Issuer will make debt service payments to Branch Banking and Trust Company directly.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

PHILIP R. POSTLEWAIT, JR.
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1281
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE (304) 422-7444
FACSIMILE (304) 422-4991

3.21

May 14, 2010

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2010 A (BB and T)

Lubeck Public Service District
Washington, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Branch Banking and Trust Company
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

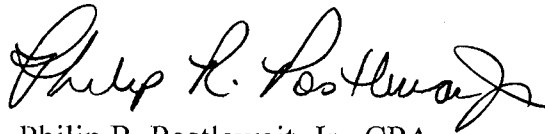
Ladies and Gentlemen:

I have reviewed the water rates of Lubeck Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia entered November 13, 2009, in Case No. 08-2016-PSWD-CN, the projected operating expenses and the anticipated customer usage provided by Burgess & Niple, Inc., the consulting engineer of the Issuer. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 1990 A; Water Revenue Bonds, Series 1990 B; Water Revenue Bonds, Series 1997; Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund); Water Revenue Bonds, Series 2005 B (United States Department of Agriculture); Water Revenue Bonds, Series 2005 C (United States Department of Agriculture) (collectively, the "Prior Bonds"); and Water Revenue Bonds, Series 2010 A (BB and T) (the "Series 2010 A Bonds").

{C1741272.1}

It is further my opinion that (i) the Net Revenues for the fiscal year following the year in which the Series 2010 A Bonds are to be issued will be at least 115% of the average annual debt service requirements on the Prior Bonds and the Series 2010 A Bonds; and (ii) the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2010 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2010 A Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2010 A Bonds. The Issuer is current on all payments to the funds and accounts established under the Bond Resolutions authorizing the Prior Bonds, including all reserve accounts.

Very truly yours,



Philip R. Postlewait, Jr., CPA

LUBECK PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2010 A
(BB and T)

3.22

CERTIFICATE OF CONSULTING ENGINEER

On this 14th day of May, 2010, I, Craig D. Richards, Registered Professional Engineer, West Virginia License No. 10358, of Burgess & Niple Inc., Parkersburg, West Virginia, hereby certify as follows:

1. Burgess & Niple Inc., is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public water facilities (the "System") of Lubeck Public Service District (the "Issuer"), to be constructed primarily in Wood County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on May 13, 2010.

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

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by Burgess & Niple Inc., and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and when constructed, in our professional opinion, has an anticipated useful life of at least 15 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A; (iv) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (v) the successful bidders acknowledged receipt of all addenda to the original bid documents; (vi) the successful bids include prices for every item on such bid forms; (vii) the Issuer has

obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; and (viii) the net proceeds of the Bonds, together with all 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 acquisition and construction of the Project.

WITNESS our signatures and seals as of the date first written above.

[SEAL]



BURGESS & NIPLE INC

A handwritten signature in black ink, appearing to read "Craig D. Richards", written over a horizontal line.

Craig D. Richards, P.E.

West Virginia License No. 10358

PROJECT FUND AGREEMENT

THIS PROJECT FUND AGREEMENT is dated as of May 14, 2010, and is by and between the **LUBECK PUBLIC SERVICE DISTRICT**, a public service district, public corporation and political subdivision of the State of West Virginia (the "Public Service District") and **BRANCH BANKING AND TRUST COMPANY (GOVERNMENTAL FINANCE)** ("BB&T").

RECITALS

The Public Service District is, simultaneously with the execution and delivery of this Project Fund Agreement, executing and delivering its Water Revenue Bonds, Series 2010 A dated as of May 13, 2010 (the "Bonds") pursuant to the Bond Resolution finally adopted by the Public Service District on May 14, 2010, as supplemented and amended by a Supplemental Resolution adopted on May 13, 2010 (the "Bond Resolution"). The purpose of the Bonds is to provide for BB&T's advance of \$590,000 to finance the acquisition, construction and equipping of the Project, as defined in the Bond Resolution. In partial consideration for BB&T's purchase of the Bonds, the Public Service District has agreed to provide for financing proceeds to be deposited and disbursed pursuant to this Project Fund Agreement.

NOW, THEREFORE, the parties agree as follows:

SECTION 1. DEFINITIONS

In this Project Fund Agreement, the term "***Project Costs***" means all costs of the design, planning, constructing, acquiring and equipping of the Project as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable by the Public Service District under the Bonds, including (a) sums required to reimburse the Public Service District or its agents for advances made for any such costs, (b) interest during the construction process and for up to six months thereafter, and (c) all costs related to the financing of the Project through the Bonds and all related transactions.

In addition, any capitalized terms used in this Project Fund Agreement and not otherwise defined shall have the meanings assigned thereto in the Bond.

SECTION 2. PROJECT FUND.

2.1. Project Fund. On the date of issuance of the Bond (the "Closing Date"), BB&T will deposit \$590,000 into a special account of the Public Service District at BB&T to be designated "Lubeck Public Service District Construction Account" (the "Project Fund"). This account shall be held separate and apart from all other funds of the Public Service District. The Project Fund is the Public Service District's property, but the Public Service District is hereby authorized to withdraw amounts on deposit in the Project Fund only as provided in this Project Fund Agreement and only for application from time to time to the payment of Project Costs. Pending such

application, such amounts shall be subject to a lien and charge in favor of BB&T to secure the Public Service District's obligations under the Bonds.

2.2. Requisitions from Project Fund. The Public Service District may withdraw funds from the Project Fund only after authorization from BB&T. BB&T will disburse funds from the Project Fund only to the Public Service District and only upon its receipt of one or more written requisitions signed by one of the below listed designated Public Service District Representatives substantially in the form of Exhibit A.

Jerry R. Martin, Chairperson

James M. Cox, Manager

The Public Service District may designate additional Representatives to sign requisitions upon written notification to BB&T.

Upon receipt of a requisition from the Public Service District, BB&T will promptly undertake such review of the matters referred to in such requisition as it shall deem appropriate, and will then promptly notify the Public Service District of its approval of the requisition or the reasons for its disapproval.

2.3. Disposition of Project Fund Balance.

(a) ***Upon completion*** -- Promptly after the Project has been completed to the point that it is suitable for carrying out substantially all the purposes it is to serve for the Public Service District, the Public Service District must deliver to BB&T (i) a certificate to such effect signed by a Public Service District Representative and by a licensed architect or engineer reasonably acceptable to BB&T, and (ii) an opinion of counsel to the Public Service District that there are no liens or encumbrances on the Project. BB&T will then withdraw any balance remaining in the Project Fund (and not required to be retained to pay Project Costs incurred but not yet paid) and apply such balance against the outstanding balance of principal and interest payable under the Bond.

(b) ***Upon default*** -- Upon the occurrence of an Event of Default, BB&T may withdraw any balance remaining in the Project Fund and apply such balance against the outstanding balance of principal and interest payable under the Bond.

(c) ***After delay or inactivity*** -- If (i) more than two years have elapsed from the Closing Date or (ii) at least six months has passed from BB&T's most recent receipt of a requisition for Project Costs, then BB&T, upon 30 days' notice from BB&T to the Public Service District, may withdraw any balance remaining in the Project Fund and apply such balance against the outstanding balance of principal and interest payable under the Bond.

(d) ***Application of Project Fund balance*** -- BB&T will apply any amounts paid to it pursuant to this section (i) first against all additional payments then due and payable, (ii) then to interest accrued and unpaid to the prepayment date, and (iii) then to the prepayment of the outstanding principal of the Bond. Such prepayment, however, will not affect any other payment obligation

{C1769721.1}

under the Bonds. BB&T will notify the Public Service District of any withdrawal from the Project Fund made under this Section 2.3, and in the notice will describe its application of the funds withdrawn.

2.4. Investment. (a) The Public Service District and BB&T agree that money in the Project Fund will be continuously invested and reinvested in a public funds money rate savings account.

(b) From and after the date that is three years from the Closing Date, the Public Service District will not purchase or hold any investment which has a "yield," as determined under the Code, in excess of the "yield" on the Public Service District's obligations under the Bonds, unless the Public Service District has supplied BB&T with a Bond Counsel Opinion to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes to which the interest components of payments under the Bond would otherwise be entitled.

(c) Investment obligations acquired with money in the Project Fund shall be deemed at all times to be part of the Project Fund. The interest accruing thereon and any profit or loss realized upon the disposition or maturity of any such investment shall be credited to or charged against the Project Fund.

(d) All earnings on moneys in the Project Fund must be used for Project Costs.

SECTION 3. MISCELLANEOUS.

3.1. Notices. Any notice or other communication required or contemplated by this Project Fund Agreement shall be deemed to be delivered if in writing, addressed as provided below and if (a) actually received by such addressee, or (b) in the case of mailing, when indicated to have been delivered by a signed receipt returned by the United States Postal Service after deposit in the United States mails, postage and registry fees prepaid, and clearly directed to be transmitted as registered or certified mail:

- (i) If intended for the Public Service District, addressed to it at the following address: Lubeck Public Service District, P.O. Box 700, Washington, West Virginia 26181, Attention: Manager.
- (ii) If intended for BB&T, addressed to it at the following address: BB&T Governmental Finance, Attention: Account Administration/Municipal – Project Fund Agreement Notice, 5130 Parkway Plaza Boulevard, Building 9, Charlotte, North Carolina 28217.

Any party may designate a different or alternate address for notices by notice given under this Project Fund Agreement.

3.2. Survival of Covenants and Representations. All covenants, representations and warranties made by the Public Service District in this Project Fund Agreement {C1769721.1}

and in any certificates delivered pursuant to this Project Fund Agreement shall survive the delivery of this Project Fund Agreement.

3.3. Choice of Law. The parties intend that West Virginia law shall govern this Project Fund Agreement.

3.4. Amendments. This Project Fund Agreement may not be modified or amended unless such amendment is in writing and signed by BB&T or the Public Service District.

3.5. No Third-Party Beneficiaries. There are no parties intended to be or which shall be deemed to be third-party beneficiaries of this Project Fund Agreement.

3.6. Successors and Assigns. All of the covenants and conditions of this Project Fund Agreement shall be binding upon and inure to the benefit of the parties to this Project Fund Agreement and their respective successors and assigns.

3.7. Severability. If any court of competent jurisdiction shall hold any provision of this Project Fund Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Project Fund Agreement.

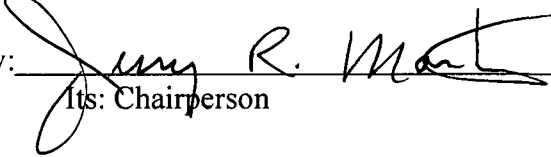
3.8. Counterparts. This Project Fund Agreement may be executed in any number of counterparts, including separate counterparts, each executed counterpart constituting an original but all together only one agreement.

3.9. Termination. Except as otherwise provided in this Project Fund Agreement, this Project Fund Agreement shall cease and terminate upon payment of all funds (including investment proceeds) from the Project Fund.

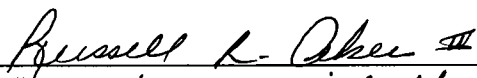
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IN WITNESS WHEREOF, each of the parties has caused this Project Fund Agreement to be signed and delivered by a duly authorized officer, all as of the date first above written.

LUBECK PUBLIC SERVICE DISTRICT

By: 
Its: Chairperson

BRANCH BANKING AND TRUST COMPANY

By: 
Its: vice president

[Project Fund Agreement dated as of May 14, 2010]

EXHIBIT A

PROJECT FUND REQUISITION

[To Be Prepared on Public Service District's Letterhead for Submission]

[Date] _____

Mary Comstock
Funding Specialist
BB&T Governmental Finance
5130 Parkway Plaza Boulevard, Building 9
Charlotte, North Carolina 28217

RE: Request for disbursement of funds from the Project Fund related to Contract No.
_____ with _____, dated _____, 20__.

Dear Ms. McDermott,

Pursuant to the terms and conditions of the Project Fund Agreement dated as of _____, 20__, the _____ (the "Public Service District"), requests the disbursement of funds from the Project Fund established under the Project Fund Agreement for the following Project Costs:

This is requisition number ____ from the Project Fund.

Amount:

Vendor:

Vendor Address:

Vendor Federal Tax Number:

Applicable Vendor Invoices:

Payee *(if different from vendor; attach explanation)*

Project Description:

Location of Project:

The _____ makes this requisition pursuant to the following representations:

1. The Public Service District has appropriated in its current fiscal year funds sufficient to pay the payments and any estimated additional payments due in the current fiscal year with respect to the Bonds delivered in connection with this transaction.
2. The purpose of this disbursement is for partial payment on the project provided for under the Contract referenced above.
3. The requested disbursement has not been subject to any previous requisition.
4. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable herein to any of the persons, firms or corporations named herein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition.
5. This requisition contains no items representing payment on account of any percentage entitled to be retained on the date of this requisition.
6. No Event of Default is continuing under the Bonds, and no event or condition is existing which, with notice or lapse of time or both, would become an Event of Default.
7. The Public Service District will execute any Uniform Commercial Code financing statements with respect to this portion of the Project that BB&T may request to evidence its security interest.
8. The Public Service District has in place insurance on this portion of the Project that complies with the insurance provisions of the above-referenced Contract.

Attached is evidence that the amounts shown in this requisition are properly payable at this time, such as bills, receipts, invoices, architects' payment certifications or other appropriate documents.

By: **[Exhibit Form Only – Do Not Sign]**

Title: _____