

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1993

BOND RESOLUTION

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GRANT COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$130,000 WATER REVENUE BOND, SERIES 1993, OF GRANT COUNTY PUBLIC SERVICE DISTRICT, THE BOND BEING JUNIOR AND SUBORDINATE TO THE OUTSTANDING 1990 BOND, 1984 BOND, 1976 BOND, 1974 BOND AND 1973 BOND OF THE DISTRICT ALL ISSUED BY PREDECESSORS OF THE DISTRICT, AND ON A PARITY WITH THE OUTSTANDING 1991 BOND OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GRANT COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Grant County Public Service District (in its own capacity and as the consolidated entity resulting from the consolidation of Dorcas and Grant County PSD, both hereinafter defined, into Grant County Public Service District, the "Issuer") is a public service district and political subdivision of the State of West Virginia in Grant County of said State, duly created pursuant to the Act by The County Commission of Grant County and consented to and approved by the Public Service Commission of West Virginia. The Issuer is the consolidated entity resulting from the consolidation of Dorcas Public Service District ("Dorcas") and the former Grant County Public Service District ("Grant County PSD"), both public service districts and political subdivisions of the State of West Virginia in Grant County, West Virginia, and both heretofore duly created pursuant to the Act by The County Commission of Grant County, into the Issuer.

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

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer and to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements and extensions to the existing waterworks facilities of the Issuer, consisting of the installation and upgrading of new water lines, pumps and storage tanks to serve existing customers in and around Vandevander Acres subdivision and Meadow Ridge subdivision in Milroy District, near Petersburg, Grant County, West Virginia, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Issuer will continue to purchase water from the City of Petersburg pursuant to water purchase contracts between Dorcas and Grant County PSD and said City. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project will not exceed \$480,000, of which approximately \$130,000 will be obtained from the proceeds of sale of the Bond herein authorized and \$350,000 will be obtained from a grant by the Purchaser (as hereinafter defined).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$130,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and

construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank senior and prior to the Bond as to liens, pledge and source of and security for payment, as follows:

(i) Water Revenue Bond, Series 1990, dated September 25, 1990 (the "1990 Bond"), issued in the original principal amount of \$209,000 by Grant County PSD, and held by the Purchaser;

(ii) Water Revenue Bond, Series 1984, dated August 14, 1984 (the "1984 Bond"), issued in the original principal amount of \$400,000 by Grant County PSD, and held by the Purchaser;

(iii) Water Revenue Bond, Series 1976, dated November 13, 1978 (the "1976 Bond"), issued in the original principal amount of \$350,000 by Grant County PSD, and held by the Purchaser;

(iv) Water Revenue Bond, Series 1974, dated January 7, 1975 (the "1974 Bond"), issued in the original principal amount of \$90,000 by Dorcas, and held by or through General Electric Capital Corporation; and

(v) Water Revenue Bond, Series 1973, dated September 21, 1973 (the "1973 Bond"), issued in the original principal amount of \$188,000 by Dorcas, and held by or through General Electric Capital Corporation.

There is outstanding an obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1991, dated August 6, 1991 (the "1991 Bond"), issued in the original principal amount of \$600,000 by the Issuer, and held by the Purchaser.

The 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond are hereinafter collectively referred to as the "Prior Bonds." Other than the Prior Bonds and the 1991 Bond, there are no outstanding bonds or obligations which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated August 21, 1992, and all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

"Bond" means the Water Revenue Bond, Series 1993, authorized hereby.

"1991 Bond" means the outstanding Water Revenue Bond, Series 1991, of the Issuer described in Section 1.02G hereof and originally issued by the Issuer.

"1990 Bond" means the outstanding Water Revenue Bond, Series 1990, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1984 Bond" means the outstanding Water Revenue Bond, Series 1984, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1976 Bond" means the outstanding Water Revenue Bond, Series 1976, of the Issuer described in Section 1.02G hereof and originally issued by Grant County PSD.

"1974 Bond" means the outstanding Water Revenue Bond, Series 1974, of the Issuer described in Section 1.02G hereof and originally issued by Dorcas.

"1973 Bond" means the outstanding Water Revenue Bond, Series 1973, of the Issuer described in Section 1.02G hereof and originally issued by Dorcas.

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

"Bonds" means, collectively, the Bond, the 1991 Bond, the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means William Pallavicini, P.E., Petersburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Potomac Valley Bank, Petersburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Dorcas" shall have the meaning stated in Section 1.01.

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

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

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

"Grant County PSD" shall have the meaning stated in Section 1.01.

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

"Issuer" or "Borrower" means Grant County Public Service District, in Grant County, West Virginia, in its own capacity and as the consolidated entity resulting from the consolidation of Dorcas and Grant County PSD into the Issuer, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated August 21, 1992, and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System,

the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Grant County Reserve Fund, the Depreciation Reserve, the Dorcas Sinking Fund, the Dorcas Reserve Account, the Dorcas Depreciation Reserve and the 1991 Reserve Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the outstanding 1990 Bond, 1984 Bond, 1976 Bond, 1974 Bond and 1973 Bond of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the 1991 Resolution, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution and the 1973 Resolution, all as hereinafter defined.

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

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government

National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

such collateral, and such collateral must be free of all claims by third parties;

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

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

"Resolutions" means, collectively, the 1991 Resolution, the 1990 Resolution, the 1984 Resolution, the 1976 Resolution, the 1974 Resolution, the 1973 Resolution and the Bond Legislation.

"1991 Resolution" means the resolution of the governing body of the Issuer adopted January 3, 1991, authorizing the 1991 Bond.

"1990 Resolution" means the resolution of the governing body of Grant County PSD adopted June 28, 1990, authorizing the 1990 Bond.

"1984 Resolution" means the resolution of the governing body of Grant County PSD adopted June 21, 1984, authorizing the 1984 Bond.

"1976 Resolution" means the resolution of the governing body of Grant County PSD adopted August 5, 1977, authorizing the 1976 Bond.

"1974 Resolution" means the resolution of the governing body of Dorcas adopted February 28, 1974, authorizing the 1974 Bond.

"1973 Resolution" means the resolution of the governing body of Dorcas adopted June 4, 1973, authorizing the 1973 Bond.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the

operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the waterworks of the Issuer as improved, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender.

Section 1.05. Compliance with Requirements of Prior Bonds and Prior Resolutions. The issuance of the Bond junior and subordinate to the Prior Bonds is permitted under the terms of the Prior Bonds and the Prior Resolutions and the Issuer has complied with the terms of the Prior Bonds and the Prior Resolutions with respect to the issuance of the Bond or obtained a waiver thereof. The Issuer is not in default under the terms of the Prior Bonds, the Prior Resolutions or any document or agreement in connection therewith and has complied with all requirements of all the foregoing with respect to the issuance of the Bond.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$480,000, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1993," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$130,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America, for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and

complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, on a parity with the 1991 Bond, but such liens and pledge are junior and subordinate to the liens and pledges of the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided.

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

(Form of Bond)

GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1993

\$130,000

No. R-1

Date: _____

FOR VALUE RECEIVED, GRANT COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$639, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due

under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the

Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, with the 1991 Bond, defined and described in the Resolution.

This Bond is junior and subordinate, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, to the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond, all defined and described in the Resolution.

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

GRANT COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(P. O. Box No. or Street Address)

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL		\$	

[Form of Assignment]

ASSIGNMENT

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

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

Dated: _____.

In the presence of:

ARTICLE IV

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

Section 4.01. Establishment of Funds and Accounts with Depository Bank and Commission. The following special funds or accounts are hereby created and established with (or continued if previously established and/or continued by any one or more of the Prior Resolutions), and shall be held by, the Depository Bank separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (which shall consist of the Revenue Fund established by the 1973 Resolution and continued by the 1974 Resolution and the Revenue Fund established by the 1976 Resolution and continued by the 1984 Resolution and the 1990 Resolution, which were combined by the 1991 Resolution);
- (2) Depreciation Reserve (established by the 1976 Resolution and continued by the 1984 Resolution, the 1990 Resolution and the 1991 Resolution and herein called the "Depreciation Reserve");
- (3) Reserve Fund (established by the 1976 Resolution and continued by the 1984 Resolution, the 1990 Resolution and the 1991 Resolution and herein called the "Grant County Reserve Fund");
- (4) 1991 Reserve Fund (established by the 1991 Resolution);
and
- (5) Project Construction Account.

The following special funds or accounts are hereby created and established with (or continued if previously established and/or continued by any one or more of the Prior Resolutions) the Commission:

- (1) Sinking Fund (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Sinking Fund");
 - (a) Within the Dorcas Sinking Fund, the Reserve Account (established by the 1973 Resolution and continued by the

1974 Resolution and herein called the "Dorcas Reserve Account").

(2) Depreciation Reserve (established by the 1973 Resolution and continued by the 1974 Resolution and herein called the "Dorcas Depreciation Reserve").

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

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

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

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

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1991 Reserve Fund, the Grant County Reserve Fund, the Dorcas Sinking Fund and the Dorcas Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the respective Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of such prepayment, the Issuer further covenants with the holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to and in accordance with the terms of the Prior Resolutions and this Bond Legislation:

(i) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, each month, on or before the due date of payment of each installment of the 1990 Bond, the 1984 Bond and the 1976 Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1990 Bond, the 1984 Bond and the 1976 Bond, respectively, or otherwise, the amounts required to pay the interest on the 1990 Bond, the 1984 Bond and the 1976 Bond, and to amortize the principal of the 1990 Bond, the 1984 Bond and the 1976 Bond over the respective lives of each such issue, and shall, before the end of each month, transfer from the Revenue Fund and remit to the Commission, for deposit into the Dorcas Sinking Fund, one-twelfth of the amount required to pay the interest becoming due on the 1973 Bond and the 1974 Bond on the next interest payment date and one-twelfth of the amount of principal maturing on the next 1973 Bond and 1974 Bond principal maturity date. ✓

The Issuer shall also remit to the Commission, from time to time, such amounts as shall be required to pay the fiscal charges due to paying agents for paying the 1973 Bond and the 1974 Bond and the interest thereon.)

(iii) The Issuer shall next, by the fifteenth day of each month, transfer from the

Revenue Fund and deposit with the Depository Bank in the Grant County Reserve Fund, 1/12th of 1/10th of the maximum aggregate amount of principal and interest becoming due on the 1990 Bond, the 1984 Bond and the 1976 Bond in any year, until the amount in the Grant County Reserve Fund equals such maximum aggregate amount (the "Grant County Minimum Reserve"). After the Grant County Minimum Reserve has been accumulated in the Grant County Reserve Fund, the Issuer shall monthly deposit into the Grant County Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on and payment of maturing principal of and interest on the Prior Bonds, on a pro rata and parity basis, and for payment of Operating Expenses of the System, as shall be required to maintain the Grant County Minimum Reserve in the Grant County Reserve Fund, on a pro rata and parity basis as to the Prior Bonds. Moneys in the Grant County Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the 1990 Bond, the 1984 Bond and the 1976 Bond to said National Finance Office as the same shall become due or for prepayment of installments on the 1990 Bond, the 1984 Bond and the 1976 Bond, or for mandatory prepayment of the 1990 Bond, the 1984 Bond and the 1976 Bond, as in the 1990 Resolution, the 1984 Resolution and the 1976 Resolution provided, all on a pro rata and parity basis with the 1974 Bond and the 1973 Bond, and for no other purpose; provided, however, that when the Grant County Minimum Reserve has been accumulated in the Grant County Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the 1990 Bond, the 1984 Bond and the 1976 Bond, on a parity and pro rata basis with the 1974 Bond and the 1973 Bond.

The District shall, on each date that payment is made as set forth in the preceding provisions of this Section 4.03B (iii), transfer from the Revenue Fund and remit to the Commission, for deposit into the Dorcas Reserve

Account, 1/12th of 1/10th of the maximum annual aggregate amount of interest and principal which will fall due on the 1973 Bond and the 1974 Bond outstanding until the amount in the Dorcas Reserve Account equals such maximum annual aggregate amount of interest and principal. After such amount has been accumulated in the Dorcas Reserve Account, the Issuer shall monthly remit to the Commission such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on and payment of monthly installments on the Prior Bonds, on a pro rata and parity basis, as shall be required to maintain such amount in the Dorcas Reserve Account, on a pro rata and parity basis as to the Prior Bonds. Moneys in the Dorcas Reserve Account shall be used solely to make up any deficiency in the Dorcas Sinking Fund for payment of the principal of and interest on the 1973 Bond and the 1974 Bond as the same shall mature or for mandatory purchase or redemption of the 1973 Bond and the 1974 Bond (together with moneys in the Dorcas Sinking Fund) as in the 1973 Resolution and the 1974 Resolution provided, all on a pro rata and parity basis with the 1990 Bond, the 1984 Bond and the 1976 Bond, and for no other purpose.

(iv) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall next, on or before the due date of each installment on the 1991 Bond and the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1991 Bond and the Bond (or such other place as may be subsequently designated pursuant to the 1991 Bond and the Bond), the amounts required to pay the interest on the 1991 Bond and the Bond, and to amortize the principal of the 1991 Bond and the Bond over the respective lives of each such issue; provided that, all payments with respect to principal of and interest on the 1991 Bond and the Bond shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other, and, thereafter, the Issuer shall transfer

from the Revenue Fund and deposit in the 1991 Reserve Fund, 1/12th of 1/10th of the amount equal to the maximum amount of principal and interest becoming due on the 1991 Bond and the Bond in any year, until the amount in the 1991 Reserve Fund equals such maximum amount (the "1991 Minimum Reserve"). After the 1991 Minimum Reserve has been accumulated in the 1991 Reserve Fund, the Issuer shall monthly deposit into the 1991 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the 1991 Minimum Reserve in the 1991 Reserve Fund. Moneys in the 1991 Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the 1991 Bond and the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the 1991 Bond and the Bond, or for mandatory prepayment of the 1991 Bond and the Bond as provided in the 1991 Resolution and this Resolution, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that when the 1991 Minimum Reserve has been accumulated in the 1991 Reserve Fund, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for prepayment of the principal of the 1991 Bond and the Bond on a pro rata and parity basis.

(v) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, one-half of the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$246,300, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used, first, to make up any deficiencies in the Dorcas Sinking Fund with respect to current payments of principal and interest on the 1974 Bond and the 1973 Bond as the same mature

and to make up any deficiencies for monthly payments of principal of and interest on the 1990 Bond, the 1984 Bond and the 1976 Bond as the same become due, on a pro rata and parity basis, and next to restore to the Grant County Reserve Fund and the Dorcas Reserve Account any sum or sums transferred therefrom, on a pro rata and parity basis, and thereafter, to meet the principal, interest and reserve payments upon the 1991 Bond and the Bond, on a subordinate basis, to the extent that moneys in the 1991 Reserve Fund are insufficient therefor. Thereafter, and provided that payments into the Dorcas Sinking Fund, the Dorcas Reserve Account, the Grant County Reserve Fund and the 1991 Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

The Issuer shall, on each date that payment is made as set forth in the preceding provisions of this Section 4.03B(v), transfer from the Revenue Fund and remit to the Commission the balance of the moneys remaining in the Revenue Fund and not permitted to be retained therein, for deposit in the Dorcas Depreciation Reserve, until there has been accumulated therein the sum of \$12,000 and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Dorcas Depreciation Reserve shall be used, first, to make up any deficiencies in the Dorcas Sinking Fund with respect to current payments of principal and interest on the 1974 Bond and the 1973 Bond as the same mature and to make up any deficiencies for monthly payments of principal of and interest on the 1990 Bond, the 1984 Bond and the 1976 Bond as the same become due, on a pro rata and parity basis, and next to restore to the Dorcas Reserve Account and the Grant County Reserve Fund any sum or sums transferred therefrom, on a pro rata and parity basis, and, thereafter, to meet principal, interest and reserve payments upon the 1991 Bond and the Bond, on a subordinate basis, to the extent that moneys in the 1991 Reserve Fund are insufficient

therefor. Thereafter, and provided that payments into the Dorcas Sinking Fund, the Dorcas Reserve Account, the Grant County Reserve Fund and the 1991 Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Dorcas Depreciation Reserve may be withdrawn by the Issuer and used for extensions, replacements and improvements of the System, or any part thereof.

(vi) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of or redeem Prior Bonds outstanding, pro rata as to each series, and, thereafter, to prepay installments on the 1991 Bond and the Bond, pro rata as to each series, or for any lawful purpose of the System.

Whenever the moneys in the 1991 Reserve Fund shall be sufficient to prepay the 1991 Bond and the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the 1991 Bond and the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby and by the 1991 Resolution, the 1990 Resolution, the 1984 Resolution and the 1976 Resolution designated as the Fiscal Agent for the administration of the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve as herein and therein provided, and all amounts required for the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein and in the 1991 Resolution, the 1990 Resolution, the 1984 Resolution and the 1976 Resolution, together with written advice stating the amount remitted for deposit into each such fund.

The Commission is hereby and by the 1974 Resolution and the 1973 Resolution designated as the Fiscal Agent for the administration of the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve as herein and therein provided, and all amounts required for the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve will be remitted to the

Commission from the Revenue Fund by the Issuer at the times provided herein and in the 1974 Resolution and the 1973 Resolution, together with written advice stating the amount remitted for deposit into said fund, account and reserve.

All the funds provided for in this Article IV, other than the Project Construction Account, shall constitute trust funds and shall be used only for the purposes and in the order provided herein and in the Prior Resolution, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, which lien shall be junior and subordinate to the liens of the holders of the Prior Bonds but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers in any of the funds and accounts as hereinabove and in the Prior Resolutions provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Resolutions, the Depository Bank shall keep the moneys in the Grant County Reserve Fund, the 1991 Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided in the Prior Resolutions or herein, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Subject to the Prior Resolutions, 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Grant County Reserve Fund and the 1991 Reserve Fund, so long as the respective Grant County Minimum Reserve and the 1991 Minimum Reserve are on deposit and maintained therein,

shall be paid annually in January into the Revenue Fund by the Depository Bank.

The Commission shall keep the moneys in the Dorcas Sinking Fund, the Dorcas Reserve Account and the Dorcas Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank and Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser and shall give such other notice as required under and in the manner provided in, the Prior Resolutions.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 1,577 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

G. REMITTANCES. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

I. PRO RATA PAYMENTS. No payments required to be made on behalf of the 1974 Bond and the 1973 Bond into the Dorcas Sinking Fund and the Dorcas Reserve Account, or on behalf of the 1990 Bond, the 1984 Bond and the 1976 Bond with respect to payment of principal or interest thereon and into the Grant County Reserve Fund, shall have any preference or priority over the other. All payments required to be made on behalf of the 1974 Bond and the 1973 Bond into the Dorcas Sinking Fund and the Dorcas Reserve Account, and on behalf of the 1990 Bond, the 1984 Bond and the 1976 Bond with respect to payment of principal or interest thereon and into the Grant County Reserve Fund, shall be made pro rata in accordance with the then outstanding principal amounts thereof, in the event that moneys are not available to make all such payments in full.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1991 Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the holders of the Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to the payment and deposits on account of the Prior Bonds, plus Net Revenues equal to not less than 110% of the annual debt service on the 1991 Bond and the Bond and sufficient to make the payments required herein into the 1991 Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon

any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County

Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in 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, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond, but junior and subordinate to the lien in favor of the Holders of the Prior Bonds and on a parity with the lien in favor of the Holder of the 1991 Bond.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a

Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body.

The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete.

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

Section 5.12. Books and Records; Audits.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System.

The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition.

To the extent legally allowable, the Issuer will not permit competition with the System

within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the orders of the Public Service Commission of West Virginia, entered on May 30, 1990, Case No. 89-628-PWD-CN, August 30, 1990, and September 19, 1990, Case No. 90-475-PWD-30B, May 31, 1990, and July 16, 1990, Case No. 89-520-PWD-CN and December 11, 1990, Case No. 90-640-PWD-30B, which orders are incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, 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 Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

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

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Conflicting Provisions Repealed. All other resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) or the Prior Resolutions; provided, further, that, notwithstanding the foregoing, the Prior Resolutions shall be, and hereby are, modified and amended to the extent of any express inconsistencies with the provisions of this Bond Legislation but the Prior Resolutions shall otherwise remain in full force and effect.

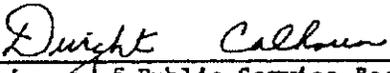
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof

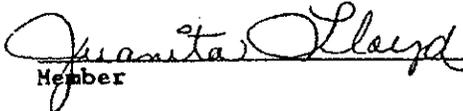
are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

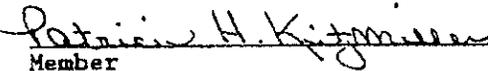
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted: December 6, 1993


Chairman of Public Service Board


Member


Member

11//30/93
GCPSDC.A3
34959/92001

900 Pennsylvania Avenue
 Suite 1117
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/13/2016

ISSUE: <u>Grant County Public Service District</u> <u>Water Revenue Bond, Series1993 (United States Department of Agriculture)</u>	
ADDRESS: <u>21 Military Way, Petersburg, WV 26847</u>	COUNTY: <u>Grant</u>
PURPOSE OF ISSUE: New Money: <u> x </u> Refunding: <u> </u>	
ISSUE DATE: <u>12/6/1993</u>	REFUNDS ISSUE(S) DATED: <u> NA </u>
ISSUE AMOUNT: <u>\$130,000</u>	CLOSING DATE: <u>12/6/1993</u>
1ST DEBT SERVICE DUE: <u> NA </u>	RATE: <u> 5.000% </u>
1ST DEBT SERVICE AMOUNT <u> NA </u>	1ST PRINCIPAL DUE <u> NA </u>
	PAYING AGENT: <u> Issuer </u>
BOND COUNSEL: Firm: <u> Stephoe & Johnson PLLC </u> Contact <u> John Stump, Esquire </u> Phone: <u> (304) 353.8196 </u>	
CLOSING BANK: Bank: <u> </u> Contact: <u> </u> Phone: <u> </u>	
KNOWLEDGEABLE ISSUER CONTACT Contact: <u> Sherry Goldizen </u> Position: <u> General Manager </u> Phone: <u> 304.257.2377 </u>	
UNDERWRITERS COUNSEL Firm: <u> </u> Contact: <u> </u> Phone: <u> </u>	
ESCROW TRUSTEE: Firm: <u> </u> Contact: <u> </u> Phone: <u> </u>	
OTHER: Agency: <u> United States Department of Agriculture </u> Contact: <u> Joe Crickenberger </u> Position: <u> Rural Development Specialist </u> Phone: <u> </u>	
DEPOSITS TO MBC AT CLOSE By: <u> </u> Wire <u> </u> Accrued Interest: \$ <u> </u> <u> </u> Check <u> </u> Capitalized Interest: \$ <u> </u> <u> </u> Reserve Account: \$ <u> </u> <u> </u> Other: \$ <u> </u>	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: <u> </u> Wire <u> </u> To Escrow Trustee \$ <u> </u> <u> x </u> Check <u> </u> To Issuer \$ <u> </u> <u> </u> IGT <u> </u> To Cons. Invest. Fund \$ <u> </u> <u> x </u> To Other: <u> Reserve </u> \$ <u> 7,668 </u>	
NOTES: <u> Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1993 Bonds Reserve Account. Payments into the Series 1993 Bonds Reserve Account will commence 24 months following the date hereof. Series 1993 Bonds reserve Requirement is \$7,668 </u>	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: <u> </u> TRANSFERS REQUIRED: <u> </u>	

(Specimen Bond)

GRANT COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1993

\$130,000

No. R-1

Date: December 6, 1993

FOR VALUE RECEIVED, GRANT COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$639, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, with the 1991 Bond, defined and described in the Resolution.

This Bond is junior and subordinate, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, to the 1990 Bond, the 1984 Bond, the 1976 Bond, the 1974 Bond and the 1973 Bond, all defined and described in the Resolution.

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

GRANT COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
Petersburg, West Virginia

ATTEST:

Secretary, Public Service Board

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ _____		(6) \$ _____	
(2) \$ _____		(7) \$ _____	
(3) \$ _____		(8) \$ _____	
(4) \$ _____		(9) \$ _____	
(5) \$ _____		(10) \$ _____	
	TOTAL	\$ _____	

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

GRANT COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1993; and
Water Revenue Bonds, Series 1999
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR THE ESTABLISHMENT OF RESERVE ACCOUNTS FOR THE SERIES 1993 BONDS AND SERIES 1999 BONDS, TRANSFER OF FUNDS ACCORDINGLY, AND AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT SUCH TRANSFER AND MODIFICATION THEREOF

WHEREAS, the Series 1993 Bonds Reserve Account has been created and established by a Resolution adopted by the Grant County Public Service District on December 6, 1993 (the Series 1993 Bond Legislation).

WHEREAS, the Series 1993 Bonds, are secured by the Series 1993 Bonds Reserve Fund pledged for the payment of principal of and interest on the Series 1993 Bonds, which account is, pursuant to the Series 1993 Bond Legislation, held by the Depository Bank;

WHEREAS, the Reserve Requirement for the Series 1993 Bonds is \$7,668.

WHEREAS, the Issuer desires to transfer the monies in the Series 1993 A Bonds Reserve Fund at the Depository Bank to the Municipal Bond Commission (the "Commission");

WHEREAS, the Series 1999 Bonds Reserve Account has been created and established by a Resolution adopted by the Grant County Public Service District on February 25, 1999 (the Series 1999 Bond Legislation).

WHEREAS, the Series 1999 Bonds, are secured by the Series 1999 Bonds Reserve Fund pledged for the payment of principal of and interest on the Series 1999 Bonds, which account is, pursuant to the Series 1999 Bond Legislation, held by the Depository Bank;

WHEREAS, the Reserve Requirement for the Series 1999 Bonds is \$105,456.

WHEREAS, the Issuer desires to transfer the monies in the Series 1999 A Bonds Reserve Fund at the Depository Bank to the Commission.

WHEREAS, the Grant County Public Service District has outstanding:

(i) Water Revenue Bonds, Series 1993 (United States Department of Agriculture), dated December 6, 1993, issued in the original aggregate principal amount of \$130,000 (the "Series 1993 Bonds");

(ii) Water Revenue Bonds, Series 1999 (United States Department of Agriculture), dated February 25, 1999, issued in the original aggregate principal amount of \$1,850,000 (the "Series 1999 Bonds");

(iii) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 28, 2005, issued in the original aggregate principal amount of \$1,833,369 (the "Series 2005 A Bonds");

(iv) Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated March 27, 2008, issued in the original aggregate principal amount of \$500,000 (the "Series 2008 A Bonds");

(v) Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated March 22, 2011, issued in the original aggregate principal amount of \$328,300 (the "Series 2011 A Bonds"); and

(vi) Water Revenue Bonds, Series 2011 B (West Virginia Infrastructure Fund), dated March 22, 2011, issued in the original aggregate principal amount of \$115,000 (the "Series 2011 B Bonds"), (collectively, the "Prior Bonds").

WHEREAS, the Bond Resolutions authorizing the Prior Bonds are collectively known as the Prior Resolutions.

WHEREAS, the Issuer deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted,

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

Section 1. A. 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 1993 Bonds Reserve Account.; and
- (2) Series 1999 Bonds Reserve Account.

B. System Revenues; 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 Supplemental 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 monies at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the monies in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on the first of each month, transfer from the Revenue Account and simultaneously remit to (i) the National Finance Office the amount required by Prior Resolutions to pay interest on the Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds; (ii) the Commission the amount required by Prior Resolutions to pay interest on the Series 2011 A Bonds and Series 2011 B Bonds; (iii) the Commission, the amounts required to pay the interest on the Series 2016 A Bonds; (iv) the Commission, the amounts required to pay the interest on the Series 2016 B Bonds; and (v) the Commission, the amounts required to pay the interest on the Series 2016 C Bonds.

(3) The Issuer shall next, on the first of each month, transfer from the Revenue Account and simultaneously remit to (i) the National Finance Office the amount required by Prior Resolutions to pay principal of the Series 1993 Bonds, Series 1999 Bonds and Series 2008 A Bonds; (ii) the Commission the amount required by Prior Resolutions to pay principal of the Series 2005 A Bonds, Series 2011 A Bonds and Series 2011 B Bonds; (iii) the Commission, the amounts required to pay principal of the Series 2016 A Bonds; (iv) the Commission, the amounts required to pay the principal of the Series 2016 B Bonds; and (v) the Commission, the amounts required to pay principal of the Series 2016 C Bonds.

(4) The Issuer shall next, on the first of each month, transfer from the Revenue Account and simultaneously remit to the Commission the amount required for deposit into the respective Reserve Accounts for the Prior Bonds.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2.5% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the

Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Commission is designated as the Fiscal Agent for the administration of the Series 1993 Bonds Reserve Account as herein provided, and all amounts required for the Series 1993 Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Commission is designated as the Fiscal Agent for the administration of the Series 1999 Bonds Reserve Account as herein provided, and all amounts required for the Series 1999 Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

E. Moneys in the Series 1993 Bonds Reserve Account and the Series 1999 Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

F. Earnings from moneys in Series 1993 Bonds Reserve Account and Series 1999 Bonds Reserve Account so long as the amounts required by Prior Resolutions for each reserve account are on deposit in such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

G. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

H. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

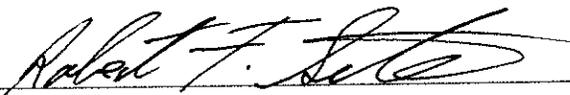
Section 2. Transfer of Funds. An amount of \$113,124 shall be transferred by check from the Depository Bank to the Commission.

[Remainder of Page Intentionally Blank]

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

Adopted this 9th day of June, 2016.

GRANT COUNTY PUBLIC SERVICE DISTRICT

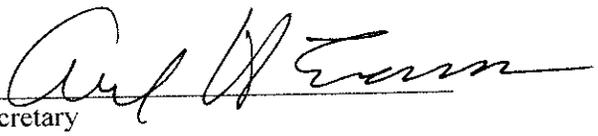
A handwritten signature in black ink, appearing to read "Robert F. Lutz", is written over a horizontal line.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Board of the Grant County Public Service District on the 9th day of June, 2016

[SEAL]


Secretary