

BIG BEND PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2013 A
(United States Department of Agriculture)**

BOND RESOLUTION

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BIG BEND PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE PAYMENT OF THE SERIES 2012 A NOTES, THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF BIG BEND PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$505,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF BIG BEND 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. Big Bend Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Summers County of said State, duly created pursuant to the Act by The County Commission of Summers County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks

facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of construction of water extensions along Routes 3 and 13; Wiggins and Browning in Summers County including necessary appurtenances (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, betterments, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The Issuer has heretofore temporarily financed the design and other preliminary Costs of the Project by the issuance of the Waterworks Design Bond Anticipation Notes, Series 2012 A (West Virginia Water Development Authority), dated January 20, 2012, issued in the original aggregate principal amount of \$151,700 (the "Prior Notes").

E. It is deemed necessary and desirable for the Issuer to pay the Prior Notes.

F. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the aggregate principal amount of \$505,000 (the "Series 2013 A Bonds"), to pay the Prior Notes and to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2013 A Bonds; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

H. Upon payment of the Prior Notes, there are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment being the Issuer's Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated June 14, 1978, issued in the original aggregate principal amount of \$184,000 (the "Series 1977 Bonds" or the "Prior Bonds"). Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2013 A Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2013 A Bonds, the Issuer will obtain the written consents of the Holders of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

I. It is in the best interest of the Issuer that the Series 2013 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated April 10, 2009, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2013 A Bonds, or will have so complied prior to issuance of the Series 2013 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2013 A Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires otherwise:

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

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

“Bond Registrar” means the Issuer, which shall usually so act by its Secretary.

“Bonds” means, collectively, the Series 2013 A Bonds and the Prior Bonds.

“Chairman” means the Chairman of the Governing Body.

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

“Consulting Engineer” means Stafford Consultants Incorporated, Princeton, 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.

“Costs” or “Costs of the Project” means those costs described in Section 1.02 (F) hereof.

“Depository Bank” means City National Bank, Princeton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

“FDIC” means the Federal Deposit Insurance Corporation.

“Fiscal Year” means each 12-month period beginning on July 1 and ending on the succeeding June 30.

“Governing Body” means the Public Service Board of the Issuer.

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

“Grants” means, collectively, all grants committed for the Project.

“Herein” or “herein” means in this Bond Legislation.

“Issuer,” “Borrower” or “District” means Big Bend Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Summers County, West Virginia, and includes the Governing Body.

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated April 10, 2009 and all amendments thereto, if any.

“Minimum Reserve” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2013 A Bonds in the then current or any succeeding year.

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

“Operating Expenses” means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

“Prior Bonds” means the Series 1977 Bonds.

“Prior Notes” means the Waterworks Design Bond Anticipation Notes, Series 2012 A (West Virginia Water Development Authority), dated January 20, 2012, issued in the original aggregate principal amount of \$151,700.

“Prior Notes Resolution” means the resolution authorizing the Prior Notes.

“Prior Resolution” means, collectively, the resolutions of the Issuer, respectively, adopted authorizing the issuance of the Prior Bonds.

“Project” shall have the meaning stated in Section 1.02 (B) above.

“Purchaser” or “Government” means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

“Qualified Investments” means and includes any of the following, to the extent such investments are permitted by law:

- (a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to

the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

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

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

“Registered Owners,” “Bondholders,” “Holders of the Bonds” or any similar term means any person who shall be the Registered Owner of the Bonds.

“Resolutions” means, collectively, the Prior Resolution and the Bond Legislation.

“Revenues” or “Gross Revenues” means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

“Secretary” means the Secretary of the Governing Body.

“Series 1977 Bonds” means the Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated June 14, 1978, issued in the original aggregate principal amount of \$184,000.

“Series 2013 A Bonds” means the Water Revenue Bonds, Series 2013 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

“Series 2013 A Bonds Reserve Account” means the Series 2013 A Bonds Reserve Account created by Section 4.01 hereof.

“Series 2013 B Notes” means the Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), issued concurrently herewith in the original aggregate principal amount of \$601,000, and authorized by the Series 2013 B Notes Resolution.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers

specifically to the supplemental resolution authorizing the sale of the Series 2013 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2013 A Bonds, and not so included may be included in another Supplemental Resolution.

“System” means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND PAYMENT OF THE PRIOR NOTES

Section 2.01. Authorization of Payment of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$2,746,000, 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 estimated maximum cost of the acquisition and construction of the Project is \$2,746,000 of which \$505,000 will be obtained from the proceeds of sale of the Series 2013 A Bonds herein authorized; \$1,640,000 will be obtained from a grant from the United States Department of Agriculture; and \$601,000 will be obtained from the Series 2013 B Notes.

Section 2.02. Authorization of Payment of Prior Notes. The Prior Notes Outstanding as of the date of issuance of the Series 2013 A Bonds are hereby ordered to be paid in full, and the pledge of assets, if any, in favor of the Holders of the Prior Notes, and the monies in the funds and accounts created by the Prior Notes pledged to payment of the Prior Notes, if any, and any other funds pledged to pay the Prior Notes, if any, are hereby ordered terminated, discharged and released upon the payment to the Holder of the Prior Notes from the proceeds of the Series 2013 A Bonds and from other monies available therefor, of the following: an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Prior Notes and an amount which will provide for the payment of the entire Outstanding principal of and all accrued interest on the Prior Notes, plus the premium, if any, on the Closing Date.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 A Bonds of the Issuer, to be known as “Water Revenue Bonds, Series 2013 A (United States Department of Agriculture)”, are hereby authorized to be issued in the aggregate principal amount of \$505,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project and to pay the Prior Notes.

Section 3.02. Description of Bonds. The Series 2013 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 2.125% per annum, and shall be sold for the par value thereof. 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 \$1,616, 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.

The Series 2013 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2013 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2013 A Bonds, and the right to principal of and stated interest on the Series 2013 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2013 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2013 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2013 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2013 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2013 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2013 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2013 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2013 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2013 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2013 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2013 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2013 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2013 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the Holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2013 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2013 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2013 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2013 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2013 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2013 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

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(FORM OF BOND)

UNITED STATES OF AMERICA
BIG BEND PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$505,000

No. AR-1
2013

Date: _____,

FOR VALUE RECEIVED, BIG BEND 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 _____ (\$505,000), plus interest on the unpaid principal balance at the rate of 2.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _____, 20__ and continuing on the _____ day of each month to and including _____, 20__ (the first 24 months after the date hereof), and thereafter commencing _____, 20__ monthly payments of \$_____, covering principal and interest, and on the _____ day of each month, to and including _____, 20__ (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 Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

The Bonds are issued for the purposes of (i) paying a portion of the costs of

acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying the Waterworks Design Bond Anticipation Notes, Series 2012 A; and (iii) paying certain issuance and other costs in connection therewith.

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, betterments, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon

such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 13, 2013, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S: WATER REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 14, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$184,000 (THE "SERIES 1977 BONDS" OR THE "PRIOR BONDS").

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

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IN WITNESS WHEREOF, BIG BEND 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.

BIG BEND PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

ARTICLE IV

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

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued as previously established by Prior Resolution) with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by Prior Resolution);
- (2) Renewal and Replacement Fund (established by Prior Resolution as Depreciation Reserve and hereby renamed and continued);
- (3) Series 1977 Bonds Reserve Account (established by Prior Resolution); and
- (4) Series 2013 Bonds Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created (or continued as previously established by Prior Resolution) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

- (1) Series 2013 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2013 A Bonds shall be deposited upon receipt by the Issuer in the Series 2013 Bonds Project Construction Account. The monies in the Series 2013 Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2013 Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2013 Bonds 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 Series 2013 Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2013 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series

2013 Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all Costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2013 Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2013 A Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2013 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2013 A Bonds as follows:

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

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolution not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Resolution to pay the interest on the Prior Bonds; and (ii) to the National Finance Office the amount required to pay interest on the Series 2013 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, (i) on or before the due date thereof, remit to the National Finance Office the amount required by the Prior Resolution to pay the principal of the Prior Bonds; and (ii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 A Bonds, the amount required to amortize the principal of the Series 2013 A Bonds over the life of the Bond.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amounts required by the Prior Resolution to be deposited in the Reserve Account for the Prior Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 A Bonds Reserve Account equals the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2013 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. 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 Accounts (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.

Whenever the money in the Series 2013 A Bonds Reserve Account shall be sufficient to prepay the Series 2013 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 A Bonds Reserve Account. All amounts required for the Series 2013 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a

lien thereon for further securing payment of the Series 2013 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2013 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2013 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2013 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission shall keep the monies in the Series 2013 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2013 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2013 A Bonds, provide evidence that there will be bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2013 A Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2013 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2013 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are Outstanding, the Issuer will maintain rates as required in the Prior Resolution. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2013 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolution. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2013 A Bonds are Outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No 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. No Parity Bonds shall be issued after issuance of the Series 2013 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 A Bonds.

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

So long as the Series 2013 A Bonds or the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2013 A Bonds and the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

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

and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2013 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2013 A Bonds.

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2013 A Bonds remain Outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$1,000,000 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 \$500,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2013 A Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the

event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$1,000,000 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 \$500,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2013 A Bonds are Outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2013 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2013 A Bonds.

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

(a) Failure to make payment of any monthly amortization installment upon the Series 2013 A Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2013 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

(c) If a default occurs with respect to the Prior Bonds or the Prior Resolution.

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; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2013 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2013 A Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond

the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2013 A Bonds are Outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

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

A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia entered November 30, 2012, which became Final Order on December 20, 2012 in Case No. 12-0647-PWD-CN, and 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 Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2013 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2013 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2013 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2013 A Bonds, the Issuer may not defease the Series 2013 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2013 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2013 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolution.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

Adopted this 13th day of June, 2013.

BIG BEND PUBLIC SERVICE DISTRICT

By: Richard Halloran
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BIG BEND PUBLIC SERVICE DISTRICT on the 13th day of June, 2013.

Dated: June 17, 2013.

[SEAL]

Debra Meadows
Secretary

735610.00001

BIG BEND PUBLIC SERVICE DISTRICT
WATER GRANT ANTICIPATION NOTES, SERIES 2013 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

NOTE RESOLUTION

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BIG BEND PUBLIC SERVICE DISTRICT

NOTE RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS FACILITIES OF BIG BEND PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY BIG BEND PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$601,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER GRANT ANTICIPATION NOTES, SERIES 2013 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BIG BEND PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Note Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of construction of water extensions along Routes 3 and 13; Wiggins and Browning in Summers County including necessary appurtenances (the "Project"), particularly described in and according to the plans and

specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing public waterworks facilities of the Issuer, together with the Project and any further additions, betterments, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is deemed necessary for the Issuer to issue its Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority) in the total aggregate principal amount of not more than \$601,000 as a single note (the "Series 2013 B Notes"), to temporarily finance a portion of the costs of acquisition and construction of the Project in the manner hereinafter provided and paying certain costs of issuance. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; capitalized interest, if any, on the Series 2013 B Notes; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project. The Series 2013 B Notes are being issued in anticipation of receipt by the Issuer of a \$601,000 Infrastructure Council grant.

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

E. It is in the best interests of the Issuer that its Series 2013 B Notes be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a Loan Agreement by and between the Issuer and the Authority, as hereinafter defined, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

F. There are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds (as defined in Section 1.04) as to liens, pledge and source of and security for payment being the Issuer's Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated June 14, 1978, issued in the original aggregate principal amount of \$184,000 (the "Series 1977 Bonds" or the "Prior Bonds"). Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2013 A Bonds as to liens, pledge and/or source of and security for payment. The Series 2013 B Notes will have no lien on the Net or Gross Revenues.

G. The Issuer has complied with all requirements of West Virginia law, the Loan Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2013 B Notes, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the

Project and the financing thereof by the West Virginia Infrastructure & Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2013 B Notes or such final order will not be subject to appeal.

H. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Note Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 B Notes by the Registered Owners of the same from time to time, this Note Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Noteholders of any and all of such Series 2013 B Notes, all which shall be of equal rank and without preference, priority or distinction between any one Note and any other Notes and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2013 B Notes, or any other agency, board or department of the State that succeeds to the functions of the Authority.

“Authorized Officer” means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

“Bondholder,” “Noteholder,” “Holder of the Bonds,” “Holder,” “Registered Owner” or any similar term whenever used herein with respect to an Outstanding Bond, Note, Notes or Bonds, means the person in whose name such Bond or Note is registered.

“Chairman” means the Chairman of the Governing Body of the Issuer.

“Closing Date” means the date upon which there is an exchange of the Series 2013 B Notes for all or a portion of the proceeds of the Series 2013 B Notes from the Authority.

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

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

“Consulting Engineers” means Stafford Consultants, Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

“Costs” or “Costs of the Project” means those costs described in Section 1.02C hereof to be a part of the costs of acquisition and construction of the Project.

“Depository Bank” means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

“Fiscal Year” means each 12-month period beginning on July 1 and ending on the succeeding June 30.

“Governing Body” or “Board” means the public service board of the Issuer, as it may now or hereafter be constituted.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Grant” means any grants committed to the Project.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

“Herein,” “hereto” and similar words shall refer to this entire Note Legislation.

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means Big Bend Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Summers County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Loan Agreement” means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority providing for the purchase of the Series 2013 B Notes, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

“Net Proceeds” means the face amount of the Series 2013 B Notes, plus accrued interest and premium, if any, less original issue discount, if any.

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

“Notes” means, collectively, the Series 2013 B Notes and, where appropriate, any notes on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

“Note Legislation,” “Resolution,” “Note Resolution” or “Local Act” means this Note Resolution and all resolutions, orders and resolutions supplemental hereto or amendatory hereof.

“Note Year” means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Note Year shall begin on the Closing Date.

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

“Outstanding” when used with reference to Bonds or Notes and as of any particular date, describes all Bonds or Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Note deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Holders, any Bond or Note registered to the Issuer.

“Parity Notes” means additional Parity Notes issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

“Paying Agent” means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

“Prior Bonds” means the Series 1977 Bonds.

“Prior Resolution” means the resolutions authorizing the Prior Bonds.

“Project” means the Project as described in Section 1.02B hereof.

“Qualified Investments” means and includes the following:

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia “consolidated fund” managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

“Registered Owner,” “Noteholder,” “Holder” or any similar term means whenever used herein with respect to an Outstanding Note or Notes, the person in whose name such Note is registered.

“Registrar” means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

“Regulations” means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

“Reserve Accounts” means, collectively, the respective reserve accounts for the Series 2013 A Bonds and the Prior Bonds.

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

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by Prior Resolution and continued hereby.

“Revenue Fund” means the Revenue Fund established by Prior Resolution and continued hereby.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 1977 Bonds” means the Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated June 14, 1978, issued in the original aggregate principal amount of \$184,000.

“Series 2013 A Bonds” means the Water Revenue Bonds, Series 2013 A (United States Department of Agriculture), issued concurrently herewith in the original aggregate principal amount of \$505,000, and authorized by the Series 2013 A Bond Resolution.

“Series 2013 A Bonds Resolution” means the resolution authorizing the Series 2013 A Bonds.

“Series 2013 Bonds Project Construction Account” means the Series 2013 Bonds Project Construction Account established by the Series 2013 A Bonds Resolution.

“Series 2013 B Notes” means the Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority) authorized by this Resolution.

“Series 2013 B Notes Fund” means the Series 2013 B Notes Fund established by Section 5.02 hereof.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the supplemental resolution authorizing the sale of the Series 2013 B Notes; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2013 B Notes, and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

“System” means the complete public waterworks system of the Issuer presently existing in its entirety or any integral part thereof, and shall include the Project, to be constructed as a result of the issuance of the Series 2013 B Notes and Series 2013 A Bonds, and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Notes or any certificate or other document by the Chairman or the Secretary shall mean that such Notes, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed \$2,746,000, of which a portion will be paid from proceeds of the Series 2013 B Notes, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2013 B Notes hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project in an amount compatible with the financing plan submitted to the Authority.

The estimated maximum cost of the acquisition and construction of the Project is \$2,746,000 of which \$505,000 will be obtained from the proceeds of sale of the Series 2013 A Bonds issued concurrently herewith and authorized by the Series 2013 A Bond Resolution; \$1,640,000 will be obtained from a grant from the United States Department of Agriculture; and \$601,000 will be obtained from the Series 2013 B Notes.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF NOTES; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Notes. For the purposes of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2013 B Notes of the Issuer. The Series 2013 B Notes shall be issued as a single note, designated as “Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority)”, in the principal amount of not more than \$601,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

The proceeds of the Series 2013 B Notes remaining after funding capitalization of interest, if any, shall be deposited in or credited to the Series 2013 Bonds Project Construction Account.

Section 3.02. Terms of Notes. The Series 2013 B Notes shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2013 B Notes shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2013 B Notes shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2013 B Notes shall initially be issued in the form of a single note, fully registered to the Authority, with a record of advances, representing the aggregate principal amount of the Series 2013 B Notes, and shall mature as provided in the Supplemental Resolution. The Series 2013 B Notes shall be exchangeable at the option and expense of the Registered Owner for another fully registered Note or Notes of the same series in aggregate principal amount equal to the amount of said Notes then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Notes; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Notes, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Notes shall be dated and shall bear interest as specified in a Supplemental Resolution.

Section 3.03. Execution of Notes. The Series 2013 B Notes shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2013 B Notes shall cease to be such officer of the Issuer before the Series 2013 B Notes so signed and sealed have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Series 2013 B Notes may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Notes shall hold the proper office in the Issuer, although at the date of such Notes such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2013 B Notes shall be valid or obligatory for any purpose or entitled to any security or benefit under this Note Legislation unless and until the Certificate of Authentication and Registration on such Notes, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Note Legislation. The Certificate of Authentication and Registration on any Series 2013 B Notes shall be deemed to have been executed by the Registrar if manually signed by an

authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Notes issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2013 B Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2013 B Notes shall be conclusively deemed to have agreed that such Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Notes shall be incontestable in the hands of a bona fide Holder for value.

So long as the Series 2013 B Notes remain Outstanding, the Issuer, through the Registrar or its agent, shall keep and maintain books for the registration and transfer of such Notes.

The registered Series 2013 B Notes shall be transferable only upon the books of the Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2013 B Notes are exercised, all Series 2013 B Notes shall be delivered in accordance with the provisions of this Note Legislation. All Series 2013 B Notes surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Series 2013 B Notes, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Note upon each exchange or transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Registrar shall not be obliged to make any such exchange or transfer of any Series 2013 B Notes during the period commencing on the 15th day of the month next preceding a payment date on the Series 2013 B Notes.

Section 3.06. Notes Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 B Notes shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Note of the same series and of like tenor as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Notes so surrendered shall be cancelled by the Registrar and held for the account of the Issuer. If any such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Notes not to be Indebtedness of the Issuer. The Series 2013 B Notes shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the

meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the proceeds of a grant or grants made available to the Issuer subsequent to the issuance of the Notes. No Holder or Holders of the Series 2013 B Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 B Notes or the interest, if any, thereon.

Section 3.08. Notes Secured by Pledge of Grant Proceeds; Lien Position with Respect to Net or Gross Revenues of the System. The payment of the debt service on the Series 2013 B Notes shall be secured by a first lien on all grant proceeds received by the Issuer subsequent to the issuance of the Notes to permanently finance a portion of the Costs of the Project. The Series 2013 B Notes have no lien on Net Revenues or Gross Revenues of the System.

Section 3.09. Delivery of Notes. The Issuer shall execute and deliver the Series 2013 B Notes to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2013 B Notes to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2013 B Notes are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;
- B. A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2013 B Notes to the original purchasers;
- C. An executed and certified copy of the Note Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2013 B Notes.

Section 3.10. Form of Notes. The text of the Series 2013 B Notes shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2013 B NOTES)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BIG BEND PUBLIC SERVICE DISTRICT
WATER GRANT ANTICIATION NOTES, SERIES 2013 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$601,000

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2013, BIG BEND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Summers County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS \$601,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference.

This Note shall bear no interest. On _____ 1, 20____, the entire principal amount is payable as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated and made a part of this Note.

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 2013.

This Note is issued (i) to temporarily pay a portion of the costs of acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer; and (ii) to pay certain costs of issuance and related costs. The existing public waterworks facilities of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Note Resolution duly adopted by the Issuer on _____, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____, 2013 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof. The Note Legislation provides for the issuance of additional notes under certain conditions, and such notes would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Notes under the Note Legislation.

THIS NOTE HAS NO LIEN ON THE GROSS OR NET REVENUES OF THE SYSTEM.

This Note and the interest thereon are payable only from and secured by a first lien on the proceeds of a grant or grants made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the Project. This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except as set forth in the Note Resolution.

Subject to the registration requirements set forth herein, this Note is transferable, as provided in the Note Legislation, only upon the books of the Registrar by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Note, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All money received from the sale of this Note shall be applied solely to payment of the Costs of the Project and costs of issuance described in the Note Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, BIG BEND PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated the day and year first written above.

[SEAL]

Chairman

ATTEST

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2013 B Notes described in the within-mentioned Note Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2013

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto the within Notes and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Notes on the books kept for registration of the within Notes of the said Issuer with full power of substitution in the premises.

Dated: _____, 20 ____.

In the presence of:

Section 3.11. Sale of Notes; Approval and Ratification of Execution of Loan Agreement. The Series 2013 B Notes shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule for the Series 2013 B Notes, the form of which will be provided by the Authority, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if established by the Series 2013 A Bonds Resolution or Prior Resolution) with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution as Depreciation Reserve and renamed and continued by the Series 2013 A Bonds Resolution);
- (3) Series 1977 Bonds Reserve Account (established by the Prior Resolution); and
- (4) Series 2013 Bonds Project Construction Account (established by the Series 2013 A Bonds Resolution).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if established by the Series 2013 A Bonds Resolution or Prior Resolution) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

- (1) Series 2013 A Bonds Reserve Account (established by the Series 2013 A Bonds Resolution); and

(2) Series 2013 B Notes Fund.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Note Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Resolution to pay the interest on the Prior Bonds; and (ii) to the National Finance Office the amount required by the Series 2013 A Bonds Resolution to pay interest on the Series 2013 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, on or before the due date thereof, remit to the National Finance Office (i) the amount required by the Prior Resolution to pay the principal of the Prior Bonds; and (ii) the amount required by the Series 2013 A Bonds Resolution to pay the principal of the Series 2013 A Bonds.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amounts required by the Prior Resolution to be deposited in the Reserve Account for the Prior Bonds; and (ii) remit to the Commission the amounts required by the Series 2013 A Bonds Resolution to be deposited in the Reserve Account for the Series 2013 A Bonds.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. 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 Accounts (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.

This Note has no lien on the Gross Revenues or Net Revenues of the system. The Issuer shall remit to the Commission the principal and interest, if any, only upon receipt of a grant or grants made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the Project.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2013 B Notes Fund created hereunder, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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.

B. 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. The Series 2013 B Notes are secured by future grants received by the Issuer subsequent to the issuance of the Series 2013 B Notes.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, if any, with respect to the Series 2013 B Notes and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Note Legislation.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

E. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

ARTICLE VI

APPLICATION OF NOTES PROCEEDS

Section 6.01. Application of Notes Proceeds; Pledge of Unexpended Notes Proceeds. From the monies received from the sale of the Series 2013 B Notes, the following amounts shall be first deducted and deposited in the order set forth below:

A. As the Issuer receives advances of the Series 2013 B Notes, such proceeds shall be deposited in the Series 2013 Bonds Project Construction Account and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2013 B Notes.

B. After completion of the construction of the Project, as certified by the Consulting Engineers, and all Costs have been paid, any remaining proceeds of the Series 2013 B Notes shall be expended as directed by the Authority.

Section 6.02. Disbursements of Notes Proceeds. The Issuer shall each month provide the Authority with a requisition for the Costs incurred for the Project, together with such documentation as the Authority shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2013 B Notes shall be made only after submission to and approval from the Authority of a certificate, signed by an Authorized Officer, stating that:

- (1) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (2) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (3) Each of such Costs has been otherwise properly incurred;
and
- (4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2013 B Notes Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Note Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 B Notes. In addition to the other covenants, agreements and provisions of this Note Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2013 B Notes as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2013 B Notes or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Notes not to be Indebtedness of the Issuer. The Series 2013 B Notes shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Note Legislation. No Holder or Holders of the Series 2013 B Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 B Notes or the interest, if any, thereon.

Section 7.03. Notes Secured by Pledge of Future Grant Proceeds. The payment on the Series 2013 B Notes shall be secured by a first lien on the Issuer's receipt of future grant or grants used to permanently finance a portion of the Costs of the Project. It is anticipated that the Issuer will be the beneficiary of a grant from the West Virginia Infrastructure & Jobs Development Council, which grant proceeds shall be pledged to and used to pay the debt service and interest, if any, on the Series 2013 B Notes.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 30, 2012, which became a Final Order on December 20, 2012 in Case No. 12-0647-PWD-CN approving the rates and charges for the services of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal. The Issuer hereby adopts such rates and charges.

So long as the Series 2013 B Notes are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Note Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2013 B Notes shall prove to be insufficient to produce the required sums set forth in this Note Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and

charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Note Legislation and the Loan Agreement.

Section 7.05 Sale of the System. So long as the Series 2013 B Notes, the Series 2013 A Bonds and the Prior Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority, the Holders of the Series 2013 A Bonds and the Holders of the Prior Bonds, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Notes Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2013 B Notes Fund, or in the event the Authority is no longer a Holder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2013 B Notes in accordance with Article X hereof. Any balance remaining after the payment of the Series 2013 B Notes and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the future grants received by the Issuer which rank prior to, or equally, as to lien on and source of and security for payment with the Series 2013 B Notes. All obligations issued by the Issuer after the issuance of the Series 2013 B Notes and payable from future grants, except such additional Parity Notes, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment and in all other respects, to the Series 2013 B Notes; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2013 B Notes, and the interest, if any, thereon, upon any of the future grants or from any grants for the Project pledged for payment of the Series 2013 B Notes and the interest, if any, thereon in this Note Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional Parity Notes. No additional Parity Notes, payable out of the future grants, shall be issued after the issuance of the Series 2013 B Notes pursuant to this Resolution, without the prior written consent of the Authority.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the Cost of the Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as they may reasonably require in connection with the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Note or Notes issued pursuant to this Note Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Authority, or any other original purchaser of the Series 2013 B Notes and shall mail in each year to any Holder or Holders of the Series 2013 B Notes, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, Notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and, to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2013 B Notes and shall submit the report to the Authority, or any other original purchaser of the Series 2013 B Notes. Such audit report submitted to the Authority shall include a statement that notes whether the results of test disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also

provide the Authority, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09 Rates. Prior to the issuance of the Series 2013 B Notes, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Secretary of the Issuer, which copy will be open to inspection by all interested parties. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient to produce the required sums to pay Operating Expenses and to make the prescribed payments into all funds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10 Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, and to any Holder of any Notes who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Notes or anyone acting for and on behalf of such Holder of any Notes.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11 Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

The Issuer will serve the additional customers at the location(s) as set forth in the Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

Section 7.12 No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13 Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2013 B Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the prime contractor and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Issuer having custody of the revenues

or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

(5) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(6) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that, the amounts and terms of such coverage are satisfactory to the Authority. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition and construction of the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2013 B Notes required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. [RESERVED]

Section 7.20. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 B Notes, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2013 B Notes and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Prior Bonds and the Holders of the Series 2013 A Bonds.

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2013 B Notes or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2013 B Notes held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2013 B Notes made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 B Notes are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2013 B Notes from gross income for federal income tax purposes.

Section 8.02. Certificate and Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2013 B Notes as a condition to issuance of the Series 2013 B Notes. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2013 B Notes as may be necessary in order to maintain the status of the Series 2013 B Notes as governmental notes; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2013 B Notes which would cause any notes, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, from which the proceeds of the Series 2013 B Notes are derived, to lose their status as tax-exempt notes; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Note Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2013 B Notes and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2013 B Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2013 B Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2013 B Notes set forth in this Note Legislation, any supplemental resolution or in the Series 2013 B Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Note; or

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

(4) If default occurs with respect to the Prior Bonds Resolutions or the Series 2013 A Bonds Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Holder of a Note may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Holders of the Notes including the right to require the Issuer to perform its duties under the Act and the Note Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners or Holders of the Notes, and (v) by action or bill in equity enjoin any acts in violation of the Note Legislation with respect to the Notes, or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Note may, by proper legal action, compel the performance of the duties of the Issuer under the Note Legislation and the Act, including, the completion of the Project, the operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Notes, any Registered Owner of a Note shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Notes and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Note Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold,

operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Notes and interest thereon and under any covenants of this Note Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Note Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Notes shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Notes. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Notes and the curing and making good of any Event of Default with respect thereto under the provisions of this Note Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF NOTES

Section 10.01. Payment of Series 2013 B Notes. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2013 B Notes, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Note Legislation, then the pledge of grant proceeds pledged under this Note Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2013 B Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Note Legislation. Prior to issuance of the Series 2013 B Notes, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 B Notes, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2013 B Notes shall be made without the consent in writing of the Registered Owners of the Series 2013 B Notes so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2013 B Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2013 B Notes required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Note Legislation may be amended without the consent of any Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2013 B Notes from gross income of the Holders thereof.

Section 11.02. Note Legislation Constitutes Contract. The provisions of the Note Legislation shall constitute a contract between the Issuer and the Registered Owners of the Notes, and no change, variation or alteration of any kind of the provisions of the Note Legislation shall be made in any manner, except as in this Note Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 2013 B Notes.

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

Section 11.05. Notices. All notices to be sent to the Issuer, or the Authority shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Big Bend Public Service District
P.O. Box 114
Talcott, West Virginia 24981
Attention: Chairman

AUTHORITY:

Water Development Authority
1009 Bullitt Street
Charleston, West Virginia 25301
Attention: Director

Section 11.06. Conflicting Provisions Repealed; Series 2013 A Bonds Resolution and Prior Bonds Resolution. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Note Legislation and the Series 2013 A Bonds Resolution and the Prior Bonds Resolution, the Series 2013 A Bonds Resolution and the Prior Bond Resolution shall control (unless less restrictive), so long as the Series 2013 A Bonds and the Prior Bonds are Outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Governing Body and the Issuer were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 13th day of June, 2013.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BIG BEND PUBLIC SERVICE DISTRICT on the 13th day of June, 2013.

Dated: June 17, 2013.

[SEAL]


Secretary

BIG BEND PUBLIC SERVICE DISTRICT

Water Grant Anticipation Notes, Series 2013 B
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER GRANT ANTICIPATION NOTES, SERIES 2013 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF BIG BEND PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH NOTE AND THE SALE AND DELIVERY OF SUCH NOTE TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTE.

Whereas, the Public Service Board (the "Governing Body") of Big Bend Public Service District (the "Issuer") has duly and officially adopted a note resolution, effective June 13, 2013 (the "Note Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS FACILITIES OF BIG BEND PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY BIG BEND PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$601,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER GRANT ANTICIPATION NOTES, SERIES 2013 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Note Resolution provides for the issuance of Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), of the Issuer (the "Series 2013 B Notes"), in the aggregate principal amount not to exceed \$601,000, and has

authorized the execution and delivery of a Loan Agreement relating to the Series 2013 B Notes, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Note Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2013 B Notes should be established by a supplemental resolution pertaining to the Series 2013 B Notes; and that other matters relating to the Series 2013 B Notes be herein provided for;

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

WHEREAS, the Series 2013 B Notes is proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2013 B Notes be fixed hereby in the manner stated herein, and that other matters relating to the Series 2013 B Notes be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF BIG BEND PUBLIC SERVICE DISTRICT, AS FOLLOWS:

Section 1. Pursuant to the Note Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single note, numbered BR-1, bearing no interest, in the principal amount of \$601,000. The entire principal amount is payable on or before July 1, 2016. The Series 2013 B Notes shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2013 B Notes.

Section 2. All other provisions relating to the Series 2013 B Notes and the text of the Series 2013 B Notes shall be in substantially the form provided in the Note Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. The price of the Series 2013 B Notes shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series

2013 B Notes under the Note Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2013 B Notes, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2013 B Notes under the Note Resolution.

Section 6. The Issuer does hereby appoint and designate City National Bank, Princeton, West Virginia, to serve as Depository Bank under the Note Resolution.

Section 7. The Chairman and the Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2013 B Notes hereby and by the Note Resolution approved and provided for, to the end that the Series 2013 B Notes may be delivered on or about _June 17, 2013, to the Authority pursuant to the Loan Agreement.

Section 9. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2013 B Notes are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 13th day of June, 2013.


Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of BIG BEND PUBLIC SERVICE DISTRICT on the 13th day of June, 2013.

Dated: June 17, 2013.

[SEAL]


Secretary

WDA-SF (GAN)
(09/12)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the “Authority”), and the governmental agency designated below (the “Governmental Agency”).

BIG BEND PUBLIC SERVICE DISTRICT (2009W-1142)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the “Act”), the Authority is empowered to make loans to governmental agencies for the design, acquisition or construction of water development projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State of West Virginia (the “State”) to design, acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to temporarily finance the cost of all or a portion of the acquisition and construction of the same by borrowing money to be evidenced by notes issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to design and construct such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the “Project”);

WHEREAS the Project, and its proposed financing, has been reviewed and approved by the West Virginia Infrastructure and Jobs Development Council (the “Council”);

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan to temporarily finance all or a portion of the cost of the Project pending receipt of certain grant funds (the “Application”), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of notes of the Governmental Agency with money in the Supplemental Fund of the Authority, subject to the Governmental Agency’s satisfaction of certain legal and other requirements of the Authority’s water development loan program (the “Program”) as hereinafter set forth.

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms “Authority,” “cost,” governmental agency,” “water development project,” “wastewater facility” and “water facility” have the definitions and meanings ascribed to them in the Act.

1.2 “Consulting Engineers” means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto.

1.3 “Loan” means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Notes, as hereinafter defined, pursuant to this Loan Agreement.

1.4 “Local Act” means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Notes.

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things

necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

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

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

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

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by

the particular contract as security for the faithful performance of such contract and shall verify or shall have verified such bonds prior to commencement of construction.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and shall verify or shall have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Notes is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Notes is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the Water Development Authority Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Notes

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

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

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

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and

otherwise compatible with the plan of financing described in the Application and approved by the Council and the Authority shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency;

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

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

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Notes required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) The Governmental Agency shall have applied for grant funding or received a commitment of grant funds in an amount equal to the Local Notes; and

(i) The net proceeds of the Local Notes, together with all moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

ARTICLE IV

Local Notes; Security for Loan; Interest on Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Notes pursuant to an official action of the Governmental Agency in accordance with the Local Statute.

(a) The Local Act shall contain covenants substantially as follows:

(i) That the Local Notes shall be secured by a pledge of grant funds to be received by the Governmental Agency, as more fully set forth in the Local Act;

(ii) That capitalized interest, if any, shall be deposited with the West Virginia Municipal Bond Commission (the “Commission”) and applied to the payment of interest, if any, on the Local Notes;

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the “BPH”), the West Virginia Department of Environmental Protection (the “DEP”) and the United States Environmental Protection Agency (the “EPA”), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority’s making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

(v) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

(viii) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial

statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

(xi) That, as long as the Authority is the owner of any of the Local Notes, the Governmental Agency may redeem or authorize redemption of any Local Notes with ten days written notice to the Authority;

(xii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

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

(xiv) That the Commission shall serve as paying agent for the Local Notes;

(xv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Notes available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

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

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

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

4.2 The interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

4.3 The Loan shall bear interest from the date of the delivery to the Authority of the Local Notes until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Notes exceed any statutory limitation with regard thereto.

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

ARTICLE V

Miscellaneous

{C2616560.1}

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

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

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

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

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

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

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

5.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

BIG BEND PUBLIC SERVICE DISTRICT

(SEAL)

By: Richard Hallahan
Its: Chairman
Date: June 17, 2013

Attest: Debra Meadows
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: [Signature]
Its: Executive Director
Date: June 17, 2013

Attest: Heila A Miller
Its: Authorized Officer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Notes)

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

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

2. The Notes are being issued for the purposes of (i) _____, [capitalizing interest on the Notes] and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the schematic design for the Project began [before July 1, 2012], (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A

attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Notes, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; (xii) the Project design was performed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xiii) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the “Loan Agreement”), between the Governmental Agency and the West Virginia Water Development Authority (the “Authority”) and (ii) the issue of a series of notes of the Governmental Agency, dated _____, _____ (the “Local Notes”), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Notes are issued in the principal amount of \$_____, in the form of one note, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of ___% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the “Schedule Y” attached to the Loan Agreement and incorporated in and made a part of the Local Notes.

The Local Notes are issued for the purposes of (i) _____,
[capitalizing interest on the Notes] and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the “Local Statute”), and the _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the “Local Act”), pursuant to and under which Local Statute and Local Act the Local Notes are authorized and issued, and the Loan

Agreement has been undertaken. The Local Notes are subject to redemption prior to maturity upon 10 days written notice to the Authority.

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

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

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

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

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

5. The Local Notes have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the future grant funds received by the Governmental Agency.

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

Name of Person Completing Form

Address

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of note issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

{C2616560.1}

SCHEDULE X

DESCRIPTION OF LOCAL NOTES

Principal Amount of Local Notes \$601,000
Purchase Price of Local Notes \$601,000

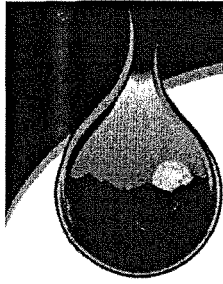
The Local Notes bear no interest. Principal of the Local Notes is payable on or before July 1, 2016.

The Local Notes are fully registered in the name of the Authority as to principal. The Local Notes shall grant the Authority a first lien on the future grant receipts received by the Governmental Agency.

The Project will serve 62 new customers in the Wiggins and Browning areas of Summers County.

SCHEDULE Z

None.



WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Executive Assistant

Friday, September 07, 2012

Wanda Ball, Office Clerk
Big Bend Public Service District
P.O. Box 114
Talcott, WV 24981-0114

Re: Big Bend Public Service District
Water Project 2009W-1142
Revised Funding for Preliminary Application Approved

Dear Ms. Ball:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the revised funding for the preliminary application for the above-referenced project (Project).

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Sponsor should carefully review the comments of the Water Technical Review Committee, as found on the Project Team Members' Dashboards at www.wvinfrastructure.com, as the Sponsor may need to address certain issues raised in said comments as it proceeds with the Project.

Below is funding information for this Project:

RUS Grant - \$1,143,300.00 – Committed
RUS Loan - \$505,000.00 (2.75%, 40 yrs) – Committed
WDA BAN - \$151,700.00 – Recommended (to be taken out by RUS funding)
WDA GAN - \$601,000.00 – Recommended (to be taken out by an IJDC grant)

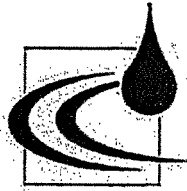
Total Project cost is \$2,401,000. Please contact the Water Development Authority at 304-414-6500 for specific information on the steps the Sponsor needs to follow to apply for the WDA GAN and the WDA BAN. If you have any questions regarding this matter, please contact James W. Ellars at (304) 414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

cc: BPH Rep Name, BPH
David N. Cole, Region 1 - Planning & Development Council
Edward L. Shutt, Stafford Consultants, Inc.
Imre D Pentek, Imre D. Pentek CPA
Chris Jarrett, Executive Director, WDA

5-23-11



WEST VIRGINIA
Water Development Authority
Celebrating 39 Years of Service 1974 - 2013

January 28, 2013

Mr. Richard Halloran, Chairman
Big Ben Public Service District
P.O. Box 114
Talcott, WV 24981-0114

Line Extension Project 2009W-1142-GRANT ANTICIPATION NOTE

The West Virginia Infrastructure and Jobs Development Council reviewed the preliminary application for the above-referenced project. Based on the findings it was recommended that the Big Ben Public Service District pursue a \$601,000 Grant Anticipation Note (GAN) from the West Virginia Water Development Authority to fund the line extension water project. The West Virginia Water Development Authority (the "WDA") agrees to purchase the GAN at an interest rate of 0%.

This offer is valid for twelve months from the date of this letter.

CHRIS E. JARRETT - EXECUTIVE DIRECTOR

Email: Jim Ellars, Infrastructure Council
Samme Gee, Esq., Jackson Kelly PLLC
Ed Shutt, Stafford Consultant
David Cole, Region I



United States Department of Agriculture

June 13, 2013

Mr. Richard Halloran, Chairman
Big Bend Public Service District
P. O. Box 114
Talcott, WV 24981

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Halloran:

This letter, with Attachment No. 1 amends the letter of conditions dated April 10, 2009 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of \$505,000, an initial RD grant in the amount of \$1,295,000, a subsequent RD grant in the amount of \$345,000, and other funding in the amount of \$601,000 for a total project cost of \$2,746,000. The other funding is planned in the form of a WDA Grant Anticipation Note.

Subject to the requirements noted herein, all of the conditions of the April 10, 2009 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Rural Development • West Virginia State Office
1550 Earl Core Road Suite 100 • Morgantown WV 26505
Voice (304) 284-4880 • Toll Free (800) 295-8228 • Fax (304) 284-4892 • TDD (304) 284-4836 • Web <http://www.rurdev.usda.gov/wv>

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 Form 1940-1 - "Request for Obligation of Funds"
 Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,


 BOBBY LEWIS
 State Director

Enclosures

cc: Stephen Wetherbee, Area Director
 ATTN: Teresa Miller, Area Specialist

Imre Pentek, CPA
 P. O. Box 1390
 Lewisburg, WV 24901

Stafford Consultants, Inc.
 P. O. Box 5849
 Princeton, WV 24740

✓ Steptoe & Johnson
 Attorneys at Law
 P. O. Box 1588
 Charleston, WV 25326-1588

Region I Planning & Development Council
 1439 Main Street, Suite 5
 Princeton, WV 24740

David Ziegler, Attorney at Law
 Ziegler & Ziegler, Attorneys at Law
 110 James Street
 Hinton, WV 25951

Project Construction Budget

<u>PROJECT COST</u>	<u>WDA GAN</u>	<u>RUS-SUB GRANT</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 177,000		\$ 1,075,545	\$ 182,400	\$ 1,434,945
CONST. CONTINGENCY	\$ 24,000	\$ 16,702	\$ 47,747		\$ 88,449
BOOSTER STATION	\$ 336,000				\$ 336,000
TANKS/PAINTING/FENCING		\$ 307,000			\$ 307,000
LAND & RIGHTS			\$ 1,878	\$ 45,126	\$ 47,004
LEGAL FEES			\$ 6,000	\$ 24,000	\$ 30,000
ENVIRONMENTAL				\$ 5,096	\$ 5,096
BOND COUNSEL/REGISTRAR FE	\$ 2,000			\$ 16,750	\$ 18,750
ACCOUNTING				\$ 10,000	\$ 10,000
ENGINEERING FEES					\$ -
Basic - \$ 136,282			\$ 27,227	\$ 109,055	\$ 136,282
Insp. - \$ 108,520			\$ 108,520		\$ 108,520
Special - \$ 27,440				\$ 27,440	\$ 27,440
INTEREST				\$ 27,633	\$ 27,633
EQUIPMENT/METERS				\$ 39,500	\$ 39,500
ADMINISTRATION	\$ 62,000			\$ 18,000	\$ 80,000
PROJECT CONTG.		\$ 21,298	\$ 28,083		\$ 49,381
TOTAL	\$ 601,000	\$ 345,000	\$ 1,295,000	\$ 505,000	\$ 2,746,000



United States Department of Agriculture
Rural Development
West Virginia State Office

Region I
Grant Agent file

RECEIVED

MAY 18 2009

REGION I PDC

LeAnn - file
Jeff - EJDC App
By Aug 20th

[Signature]

April 10, 2009

Richard Halloran, Chairman
Big Bend Public Service District
P.O. Box 114
Talcott, West Virginia 24981

Dear Mr. Halloran:

This letter, with Attachments 1 through 10 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$505,000, an RUS grant in the amount of \$1,295,000, and other funding in the amount of \$601,000, for a total project cost of \$2,401,000. The other funding is planned in the form of a grant from the Appalachian Regional Commission.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

- a. RUS Instruction 1780
- b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
- c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
- d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

75 High Street, Federal Building, Suite 320, Morgantown, WV 26505-7500
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,

Government Auditing Standards (Revision 2007) (Accountant Copy) may be accessed at www.gao.gov/govaud/ybk01.htm.

The enclosures and attachments listed below are attached to the copies as noted.
Enclosed are the following:

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist
- Attachment No. 3 – Water Users Agreement
- Attachment No. 4 – Declination Statement (Applicant and Attorney Copies)
- Attachment No. 5 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
- Attachment No. 6 – Sample Credit Agreement (Applicant Copy)
- Attachment No. 7 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
- Attachment No. 8 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
- Attachment No. 9 – Labor Standards Provisions (Engineer Copy) (ARC Projects)
- Attachment No. 10 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. **American Recovery and Reinvestment Act of 2009 ("Recovery Act").**

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

- (a). **Certifications.** With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.
- (b). **Reports on Use of Funds.** Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

(c). Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

(d). Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. **Fund Usage** – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
3. **Loan Repayment** – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly amortization factor of .00354, which provides for a monthly payment of \$1,788.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your

authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods or time.

4. **Security** – The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
5. **Users** – This conditional commitment is based upon you providing evidence that you will have at least 553 bona fide users on the proposed system when it has been completed and is placed in operation. (For water projects) This evidence will consist of 74 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records

evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

6. **Bond Counsel Services** – The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
7. **Engineering Services** – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
8. **Legal Services** – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.
9. **Accounting Services** – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations noted above outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. "Government Auditing Standards (Revised 2007)", which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website listed above, outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

10. **Facility Control** – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing

informational material to all affected property owners, and completing appraisals of the affected properties.

- e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

11. **Permits** – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

12. **Public Service Commission Approvals** – You must obtain the following from the West Virginia Public Service Commission:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

13. **Insurance and Bonding** - Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and

not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- a. General Liability Insurance – This should include vehicular coverage.
- b. Workers' Compensation – In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to \$250,000 (estimated highest monthly construction drawdown). Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

14. Environmental Requirements –

- a. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those action(s) are required for successful completion of the project and must be adhered to during the project design and construction.
- b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

15. **Vulnerability Assessments (VA) and Emergency Response Plans (ERP)** –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

16. **Civil Rights & Equal Opportunity** – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

17. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-521, 2002 Edition, “Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price” and EJCDC Document No. C-710, 2002 Edition, “Standard General Conditions of the Construction Contract – Funding Agency Edition” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) “RUS Supplemental General Conditions.”
- (3) “Labor Standards Provisions” – Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 9). Additional copies must be reproduced by the engineer.

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance may be found at the USDA website previously noted.

b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance – Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers' Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

19. **Interim Financing** – Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.6).

20. **Disbursement of Funds** – The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

- a. Federal grant awards (includes all federal funding sources) are less than \$120,000 per year.
- b. The best available interest bearing account would not be expected to earn in excess of the following:

Non-Profits

Interest earned on grant funds in excess of \$250 per year will be remitted to RUS annually as required in 7 CFR 3019.

Public Bodies

Interest earned on grant funds in excess of \$100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

- c. The depository would require a minimum balance so high that it would not be feasible.

The PSD will establish a separate fund, to be known and hereafter referred to as the "Big Bend PSD Construction Account", with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

21. **Other Project Funds** – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
22. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 – "Request for Obligation of Funds"

RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"

RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
Form RD 400-1 – “Equal Opportunity Agreement”
Form RD 400-4 – “Assurance Agreement”
Form AD 1047 – “Certification Regarding Debarment – Primary”
Form AD 1049 – “Certification Regarding Drug-Free Workplace”
Form RD 1910-11 – “Applicant Certification, Federal Collection Policies”
RD Instruction 1940-Q, Exhibit A-1, “Certification for Contracts, Grants and Loans”
Standard Form LLL – “Disclosure of Lobbying Activities” (If Applicable)
Certification of Compliance
Form RD 1942-46, “Letter of Intent to Meet Conditions”

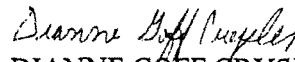
23. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.
24. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds. RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,


DIANNE GOFF CRYSLER
Acting State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Jeffrey Fearnster, CPA
P.O. Box 982
Lewisburg, WV 24901

John Stump, Esq.
Steptoe & Johnson, PLLC
707 Virginia St., East, Suite 700
Charleston, WV 25301

Stafford Consultants
1105 Mercer Street
Princeton, WV 24740

Region 1 Planning & Development Council
1439 E. Main St., Suite 5
Princeton, WV 24740

Attachment No. 1 to Letter of Conditions

Dated: April 10, 2009

For: Big Bend Public Service District

BIG BEND PSD CONSTRUCTION BUDGET					
<u>PROJECT COST</u>	<u>BIFURCATED ARC COST</u>	<u>ARC GRANT</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION		\$ 247,000	\$ 1,207,300	\$ 432,700	\$ 1,887,000
CONSTRUCTION CONTG.		\$ 12,300	\$ 60,100	\$ 21,500	\$ 94,000
LAND & ROW		\$ 17,000			\$ 17,000
ENGINEERING FEES		\$ 220,000			\$ 220,000
Basic - \$110,000					
Report/Study - \$10,000	\$ 10,000				
Prel. Design - \$25,000	\$ 25,000				
Final Design - \$33,000	\$ 33,000				
Bidding/Negotiation - \$12,000					
Const. Admin - \$30,000					
Inspection - \$96,000					
Special - \$14,000					
Geotechnical - \$8,000	\$ 8,000				
Tank Site Survey - \$3,300	\$ 3,300				
Easement Maps - \$1,500	\$ 1,500				
Expert Testimony - \$1,200	\$ 1,200				
ENVIRONMENTAL	\$ 5,100	\$ 5,100			\$ 5,100
ACCOUNTING	\$ 10,000	\$ 10,000			\$ 10,000
LEGAL	\$ 8,000	\$ 10,000			\$ 10,000
BOND COUNSEL				\$ 13,000	\$ 13,000
PERMITS	\$ 10,000	\$ 30,000			\$ 30,000
POWER		\$ 4,000			\$ 4,000
INTEREST				\$ 28,000	\$ 28,000
TECHNICAL SERVICES	\$ 18,000	\$ 40,000			\$ 40,000
PROJECT CONTG.	\$ 5,600	\$ 5,600	\$ 27,600	\$ 9,800	\$ 42,900
TOTAL		\$ 601,000	\$ 1,295,000	\$ 505,000	\$ 2,401,000

Applicability

Applicable within entire territory served

Availability of Service

Available for general domestic, commercial and industrial service

Metered Rate

First	2,000 gal.	per month @ \$	9.82	per M gal.
Next	4,000 gal.	per month @ \$	9.12	per M gal.
Next	4,000 gal.	per month @ \$	7.48	per M gal.
Next	15,000 gal.	per month @ \$	6.78	per M gal.
Next	75,000 gal.	per month @ \$	6.44	per M gal.
Over	100,000 gal.	per month @ \$	5.17	per M gal.

Minimum Charge

The above schedule is subject to a monthly minimum charge based on the size of the meter as follows:

5/8" x 3/4"	\$19.64	per Month
3/4"	\$29.46	per Month
1"	\$49.10	per Month
1 1/4"	\$71.69	per Month
1 1/2"	\$98.20	per Month
2"	\$157.12	per Month
3"	\$294.60	per Month
4"	\$491.00	per Month
6"	\$982.00	per Month
8"	\$1,571.20	per Month

Private Fire Protection

Where connection, hydrants, sprinklers, etc. on private property are maintained by consumer
4 - inch service line with hydrant, sprinklers, and/or hose connections - \$100.00 per year

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

Connection Charge

A minimum connection charge (tap fee) of \$300.00 shall be made for each new unobstructed connection to the water system. The standard residential meter shall be a 3/4 inch meter. For connections larger than 3/4 inch, there will be an additional charge in the amount of the difference between the cost of the material for the connection and the cost of material for a standard 3/4 inch connection.

Obstructed connections. All meters shall be located at the property of the customer nearest to utility line. An obstructed connection is any connection in which the meter is located more than 10 feet from the utility line or one in which the ditch line is obstructed by any object natural or manmade, including but not limited to rocks, buildings, paved surfaces, and DOH easements, that prevents the ditch from being dug by hand without the use of powered equipment and/or explosives.

Security Deposits

Not to exceed one-twelfth (1/12) of the annual estimated charges for the residential service or one sixth (1/6) of the annual estimated charge for commercial service

Emergency, Customer Convenience or Seasonal Turn On or Off

There shall be a five dollar (\$5.00) charge for each visit to the customer's premises for such turn on or off, except that if the service is both turned off and on within the same eight hour work day, only one \$5.00 fee shall apply

Transfer of Service

Transfer of service from one customer to another will involve a \$25.00 dollar charge to the new customer for institution of account. Other conditions will constitute a \$5.00 charge.

Reconnection Charge

\$20.00 to be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water

Testing or Replacement of Meter at Customer's Request

Upon request of any customer of the system, the PSD will test or replace the customer's water meter as is reasonably possible, and if the meter is found to be defective, the customer's account will be adjusted accordingly. If the meter is found to be accurate within the prescribed guidelines of the Public Service Commission of West Virginia, then the customer's account will receive no adjustment and will be billed a charge of \$25.00 for meter replacement.

Multiple Occupancy

On apartment buildings or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a five eighths inch (5/8") meter. Motels and hotels shall pay according to the size of the meter installed.

Trailer Courts

When house trailer courts are provided with a master meter, no bill shall be rendered for less than ten dollars ninety five cents (\$10.95) multiplied by the number of units situated on the court site at the time the meter is read or the actual charge of the size meter installed, whichever is greater. House trailer (as used herein above) shall include both mobile and immobile units

Returned Check Charge

A service charge equal to the bank fee assessed to the Public Service District or a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds

Payment Collection Fee

In the event that an employee of the Public Service District collects a payment at the customer's residence to avoid termination of water service, the customer shall be charged a fee of \$20.00, in addition to the amount of any unpaid bill

Fee for Installation of Removed Meter

If a water meter is removed to prevent a customer from illegally obtaining water after the customer's service has been disconnected for nonpayment, the customer shall pay a minimum meter re-installation fee of \$125.00 plus additional charges to replace and or repair damaged equipment belonging to the utility, before the meter is reinstalled.

EFT Payments

A service charge will be imposed on EFT payments. Payments shall consist of the actual charges from the financial institution for processing payment.

Incremental Cost of Water Purchased and Produced

\$0.51 Mgal. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter

Use and Income Analysis - See Attached**Cash Flow Analysis - See Attached**

**BIG BEND PUBLIC SERVICE DISTRICT
PROFORMA USE ANALYSIS AND INCOME ANALYSIS
EXISTING CUSTOMERS**

All Customers Except Greenbrier Nursery:		5/8"	1"	2"	FIRST	NEXT	NEXT	NEXT	NEXT	OVER	ANNUAL
BLOCKING	# CUST.	Min. Bills	Min. Bills	Min. Bills	2,000	4,000	4,000	4,000	15,000	75,000	100,000 REVENUE
0 - 2,000	2,229	2,189	10	30							
2,001 - 6,000	2,793	9984.4			5,586	4,398					
6,001 - 10,000	494	3650.9			988	1,976					
10,001 - 25,000	96	1223.1			192	384			263		
25,001 - 100,000	83	3725.2			166	332			1,245	1,650	
OVER 100,000	14	3535.4			28	56			210	1,050	2,135
Annual Total	5,709	24184.6	10	30	6,960	7,146	1,459	1,718	2,700	2,135	
Proposed Rates		\$ 19.64	\$ 19.64	\$ 19.64	\$ 9.82	\$ 9.12	\$ 7.48	\$ 6.78	\$ 6.44	\$ 5.17	
Proposed Revenues		\$ 42,992	\$ 196	\$ 589	\$ 68,347	\$ 65,172	\$ 10,913	\$ 11,648	\$ 17,388	\$ 11,038	\$ 228,284

Greenbrier Nursery Revised:		5/8"	1"	2"	FIRST	NEXT	NEXT	NEXT	NEXT	OVER
BLOCKING	# CUST.	Min. Bills	Min. Bills	Min. Bills	2,000	4,000	4,000	4,000	15,000	75,000 100,000
0 - 2,000	30	19.7	3	5						
2,001 - 6,000	2	17.2			4	13				
6,001 - 10,000	1	7.0			2	4			1	
10,001 - 25,000	3	54.3			6	12			12	24
25,001 - 100,000										
OVER 100,000										
Annual Total	36	98	3	5	12	29	13	24	-	-
Proposed Rates		19.64	19.64	19.64	9.82	9.12	7.48	6.78	6.44	5.17
Proposed Revenues		\$ 59	\$ 98	\$ 432	\$ 118	\$ 264	\$ 97	\$ 163	\$ -	\$ 1,231

*Greenbrier Nursery now acquiring much of its water from a private well(s)

PROFORMA ANNUAL REVENUE	\$ 229,515
ANNUALIZATION FACTOR	1.0085
TOTAL PROFORMA REVENUE	\$ 231,466

**BIG BEND PUBLIC SERVICE DISTRICT
PROFORMA USE ANALYSIS AND INCOME ANALYSIS
NEW USERS WIGGINS/BROWNING**

New Customers - Total 92 - Used 74		5/8"	1"	2"	FIRST	NEXT	NEXT	NEXT	NEXT	OVER	ANNUAL
#	CUST.	MONTH	Min. Bills	Min. Bills	2,000	4,000	4,000	15,000	75,000	100,000	REVENUE
LOCKING	876	3328.8			1,752	1,577					
- 2,000	12	120.0			24	48	48				
001 - 6,000											
001 - 10,000											
001 - 25,000											
001 - 100,000											
VER 100,000											
Annual Total	888	3448.8	-	-	1,776	1,625	48	-	-	-	-
Proposed Rates			\$ 19.64	\$ 19.64	\$ 9.82	\$ 9.12	\$ 7.48	\$ 6.78	\$ 6.44	\$ 5.17	
Proposed Revenues			\$ -	\$ -	\$ 17,440	\$ 14,820	\$ 359	\$ -	\$ -	\$ -	\$ 32,619

PROFORMA ANNUAL REVENUE \$ 32,619
ANNUALIZATION FACTOR 1.0085

\$ 32,897

TOTAL PROFORMA ANNUAL REVENUE

**BIG BEND PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS**

OPERATING INCOME

Metered Sales	\$ 264,363
Existing - \$231,466	
New - \$32,897	
Other Income	\$ 6,252
TOTAL OPERATING INCOME	\$ 270,615

NON OPERATING INCOME

Interest income	\$ 137
TOTAL NON OPERATING INCOME	\$ 137

TOTAL INCOME

\$ 270,752

EXPENSES

O & M	\$ 207,130
Taxes	\$ 13,221
TOTAL EXPENSES	\$ 220,351

INCOME AVAILABLE FOR D/S (A)

\$ 50,401

DEBT SERVICE

Existing Bond (P & I) (B)	RUS	\$ 10,848
Proposed Bond (P & I) (B)	RUS	\$ 21,456

TOTAL DEBT SERVICE

\$ 32,304

DEBT SERVICE RESERVE

Existing	Funded
Proposed Const. Bond	\$ 2,146

TOTAL DEBT SERVICE RESERVE

\$ 2,146

DEPRECIATION RESERVE (2.5% gross revenues)

\$ 6,609

SURPLUS (DEFICIT)

\$ 9,342

DEBT COVERAGE (A/B)

\$ 1.56

* Revenues from water sales differ somewhat from proforma use analysis due to rounding.

Attachment No. 2 to Letter of Conditions
 For: Big Bend PSD
 Date: April 10, 2009

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	DUNS Number	1		Applicant		HAVE	3
	CAIVRS Number	1		RUS		HAVE	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		HAVE	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5
	Processing Conference	1	1780.39(a)	RUS		HAVE	3
	Site Visit		S.I. 1780-2	RUS			3
	Environmental Report	2	1794	Applicant		HAVE	3
	Environmental Assessment	2	1794	RUS/ Engineer		HAVE	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		HAVE	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		HAVE	8
	Rate Tariff	2	1780.33	Applicant		HAVE	8
	Documentation on Service Area	1	1780.11	RUS		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		HAVE	5
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2
CPAP Form	Project Information	2	1780.41(a)	RUS		HAVE	1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS		HAVE	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant		HAVE	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 1910-11	Applicant Certification, Federal Collect- ion Policies	1	1780.33(h)	Applicant		HAVE	3
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		HAVE	5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		HAVE	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		HAVE	3
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant		HAVE	2
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel		HAVE	5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documenta- tion	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Docu- ments, Plans & Specifi- cations	2	1780.61(a)	Engineer			Separate File
	Agency Deter- mination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant		HAVE	5
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insur- ance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre- Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

SPECIMEN

UNITED STATES OF AMERICA
BIG BEND PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$505,000

No. AR-1

Date: June 17 2013

FOR VALUE RECEIVED, BIG BEND 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 FIVE HUNDRED AND FIVE THOUSAND DOLLARS (\$505,000), plus interest on the unpaid principal balance at the rate of 2.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 17, 2013 and continuing on the 17th day of each month to and including June 17, 2015 (the first 24 months after the date hereof), and thereafter commencing July 17, 2015 monthly payments of \$1,616, covering principal and interest, and on the 17th day of each month, to and including June 17, 2053 (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 Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying the Waterworks Design Bond Anticipation Notes, Series 2012 A; and (iii) paying certain issuance and other costs in connection therewith.

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, betterments, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 13, 2013, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S: WATER REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 14, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$184,000 (THE "SERIES 1977 BONDS" OR THE "PRIOR BONDS").

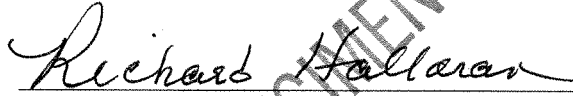
In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, BIG BEND 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.

BIG BEND PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]


Chairman, Public Service Board

ATTEST:


Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$203,943.20	June 17, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto
the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept for
registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20__.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BIG BEND PUBLIC SERVICE DISTRICT
WATER GRANT ANTICIPATION NOTES, SERIES 2013 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$601,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 17th day of June, 2013, BIG BEND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Summers County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SIX HUNDRED ONE THOUSAND DOLLARS (\$601,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference.

This Note shall bear no interest. The entire principal amount is payable on or before July 1, 2016.

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated June 17, 2013.

This Note is issued (i) to temporarily pay a portion of the costs of acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer; and (ii) to pay certain costs of issuance and related costs. The existing public waterworks facilities of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Note Resolution duly adopted by the Issuer on June 13, 2013, and a Supplemental Resolution duly adopted by the Issuer on June 13, 2013 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof. The Note Legislation provides for the issuance of additional notes under certain conditions, and such notes would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Notes under the Note Legislation.

THIS NOTE HAS NO LIEN ON THE GROSS OR NET REVENUES OF THE SYSTEM.

This Note and the interest thereon are payable only from and secured by a first lien on the proceeds of a grant or grants made available to the Issuer subsequent to the issuance of the Notes to

permanently finance the Costs of the Project. This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except as set forth in the Note Resolution.

Subject to the registration requirements set forth herein, this Note is transferable, as provided in the Note Legislation, only upon the books of the Registrar by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Note, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All money received from the sale of this Note shall be applied solely to payment of the Costs of the Project and costs of issuance described in the Note Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, BIG BEND PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated the day and year first written above.

[SEAL]


Chairman

ATTEST

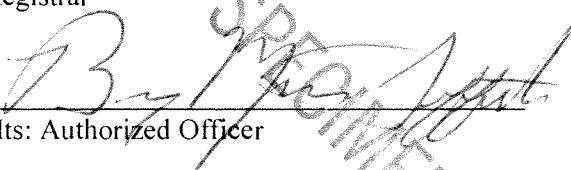

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2013 B Notes described in the within-mentioned Note Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 17, 2013

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: 
Its: Authorized Officer

SPENDING

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$47,149.20	06/05/2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of)
ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto the within Notes and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Notes on the books kept for registration of the within Notes of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

In the presence of:

June 17, 2013

Big Bend Public Service District
Water Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Big Bend Public Service District
Talcott, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Big Bend Public Service District in Summers County, West Virginia (the "Issuer"), of its \$601,000 Water Revenue Bonds, Series 2013 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on June 13, 2013, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying the Waterworks Design Bond Anticipation Notes, Series 2012 A (West Virginia Water Development Authority), dated January 20, 2012, issued in the original aggregate principal amount of \$151,700 (the "Prior Notes"); and (iii) paying certain issuance and other costs in connection therewith.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the Net Revenues pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's Water Revenue Bond, Series 1977 (United States Department of Agriculture), dated June 14, 1978, issued in the original aggregate principal amount of \$184,000 (the "Series 1977 Bonds" or the "Prior Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

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

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

7. With proceeds from the Series 2013 A Bonds, the Series 2012 A Notes have been paid in full, and the covenants, agreements and other obligations of the Issuer to the owners of such Note has been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the Municipal Bond Commission, the paying agent of the Series 2012 A Notes that they have received payment for the entire outstanding principal of and all interest accrued thereon on the date hereof and that such Series 2012 A Notes has been paid in full.

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

Very truly yours,


STEPTOE & JOHNSON PLLC

735610.00001



Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoehjohnson.com

Writer's Contact Information

June 17, 2013

Big Bend Public Service District
Water Grant Anticipation Notes, Series 2013 B
(West Virginia Water Development Authority)

Big Bend Public Service District
Talcott, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as note counsel in connection with the issuance by Big Bend Public Service District (the "Issuer"), a public service district, public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$601,000 Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), dated the date hereof (the "Series 2013 B Notes" or the "Notes").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 17, 2013, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Notes, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are originally issued in the form of one Note, bearing no interest, registered as to principal only to the Authority, and with principal payable all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2013 B Notes.

The Series 2013 B Notes are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) to temporarily pay a portion of the costs of acquisition and construction of the Project (the "Project"); and (ii) to pay costs of issuance.

We have also examined the applicable provisions of the Act, the Note Resolution duly adopted by the Issuer on June 13, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 13, 2013 (collectively, the "Note Legislation"), pursuant to and under which Act and Note Legislation the Series 2013 B Notes are authorized and issued, and the Loan Agreement has been entered into. The Series 2013 B Notes are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Note Legislation and the Loan Agreement. All capitalized terms used herein and not

otherwise defined herein shall have the same meanings set forth in the Note Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Note Legislation and to issue and sell the Series 2013 B Notes, all under the Act and other applicable provisions of law.

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

3. The Note Legislation and all other necessary resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Series 2013 B Notes and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Note Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2013 B Notes have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Future Grant proceeds and secured by a first lien on and pledge of the Future Grant proceeds received subsequent to the issuance of the Series 2013 B Notes.

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

6. The Series 2013 B Notes are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Series 2013 B Notes are exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the Holders of the Series 2013 B Notes and the enforceability of the Series 2013 B Notes, the Loan Agreement and the Note Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

ZIEGLER & ZIEGLER, L.C.

ATTORNEYS AT LAW

110 JAMES STREET

HINTON, WV 25951

Email: zaz@suddenlinkmail.com

www.zieglerandziegler.com

DAVID L. ZIEGLER

ANNA R. ZIEGLER



OF COUNSEL: KEITH LIVELY

Licensed in West Virginia, Tennessee,
and the District of Columbia

TELEPHONE (304) 466-1224

TELEPHONE (304) 772-3085

TELEFAX (304) 466-4294

June 17, 2013

Big Bend Public Service District
Water Revenue Bonds, Series 2013 A
(United States Department of Agriculture);
and
Water Grant Anticipation Notes, Series 2013 B
(West Virginia Water Development Authority)

Big Bend Public Service District
Talcott, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Big Bend Public Service District in Summers County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson PLLC as note counsel, a Loan Agreement for the Series 2013 B Notes, dated June 17, 2013, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), a Note Resolution duly adopted by the Issuer on June 17, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 17, 2013 (collectively, the "Note Legislation"), Bond Resolution duly adopted by the Issuer on June 17, 2013 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds and Notes of the Issuer (collectively, the "Bonds") and orders of The County Commission of Summers County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Note Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed or elected, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Note Legislation has been duly adopted by the Issuer and is in full force and effect.
5. The execution and delivery of the Notes and the Loan Agreement and the consummation of the transactions contemplated by the Notes, the Loan Agreement and the Note Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Summers County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without appeal. The Issuer has duly published a notice of acquisition and construction of the Project, the issuance of the Notes and related matters, as required by Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1981, as amended, and has duly complied with the provisions hereof.
7. The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Notes, the acquisition and construction of the Project and the operation of the System. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia entered on November 30, 2012 which became Final Order on December 20, 2012, and Commission Order dated June 10, 2013 in Case No. 12-0647-PWD-CN, among other things granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. [An affidavit of CPA dated June 13, 2013 was filed pursuant to such Order.] The

time for appeal of the Order has expired prior to the date hereof. Such Order is in full force and effect.

8. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Notes and the Note Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Notes or the collection of the Gross Revenues or the pledge of the Future Grant proceeds for the payment of the Notes.

9. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug-free workplace plan, and the contracts contain language that complies with the Drug-Free Workplace Act, Article ID, Chapter 21 of the West Virginia Code. We have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act, the Note Legislation and the Loan Agreement; and (v) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

A handwritten signature in black ink, appearing to be "Ziegler & Ziegler, L.C.", written in a cursive, stylized script.

Ziegler & Ziegler, L.C.

ZIEGLER & ZIEGLER, L.C.

ATTORNEYS AT LAW

110 JAMES STREET

HINTON, WV 25951

Email: zaz@suddenlinkmail.com

www.zieglerandziegler.com

DAVID L. ZIEGLER

ANNA R. ZIEGLER

~~~

**OF COUNSEL: KEITH LIVELY**

Licensed in West Virginia, Tennessee,

And the District of Columbia

**TELEPHONE (304) 466-1224**

**TELEPHONE (304) 772-3085**

**FACSIMILE (304) 466-4294**

June 17, 2013

West Virginia Infrastructure & Jobs Development Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: Big Bend Public Service District  
Final Title Opinion

Dear Ladies & Gentlemen:

We represent the Big Bend Public Service District (the "District") with regard to a water project together with all appurtenant facilities (collectively, the "Project"), and provides this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Water Development Authority and the West Virginia Infrastructure & Jobs Development Council with regard to the financing proposed for the Project. Please be advised of the following:

1. That we are of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project.
2. That the District has obtained approval for all necessary permits and approvals for the Project.
3. We have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Stafford Consultants, the consulting engineers for the Project.
4. We have examined the records on file in the Office of the Clerk of the County Commission of Summers County, West Virginia, the county in which the Project is located, and, in my opinion, the District has acquired legal title or such other real estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities.

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

Sincerely,



David L. Ziegler



# STAFFORD CONSULTANTS INCORPORATED

*Engineering, Design, and Consulting  
Planning and Environmental Services*

## BIG BEND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A  
(United States Department of Agriculture);  
and  
Water Grant Anticipation Notes, Series 2013 B  
(West Virginia Water Development Authority)

### CERTIFICATE OF ENGINEER

On this 17th day of June, 2013, I, Edward L. Shutt, P.E., Registered Professional Engineer, West Virginia License No. 7314, of Stafford Consultants, Incorporated, Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the public water system (the "System") of Big Bend Public Service District (the "Issuer"), to be constructed in Summers County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the Water Revenue Bonds, Series 2013 A (the "Series 2013 A Bonds") and temporarily financed in part by the proceeds of the Water Grant Anticipation Notes, Series 2013 B (the "Series 2013 B Notes"), (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution and the Note Resolution adopted by the Issuer on June 13, 2013, as amended by the Supplemental Resolution of the Issuer adopted June 13, 2013 (collectively, the "Bond Legislation"), the Letter of Conditions for the Series 2013 A Bonds and the Loan Agreement for the Series 2013 B Notes by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated June 17, 2013 (the "Loan Agreement").

2. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; (ii) to pay the Prior Notes; and (iii) to pay costs of issuance.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Authority, the Bureau for Public Health and any change orders approved by the Issuer, the Authority, and all necessary governmental bodies; (ii) the schematic design for the Project began before July 1, 2012; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project; (v) Ziegler & Ziegler, L.C., counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (vi) the successful bidders received any and all addenda to the original bid documents; (vii) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's



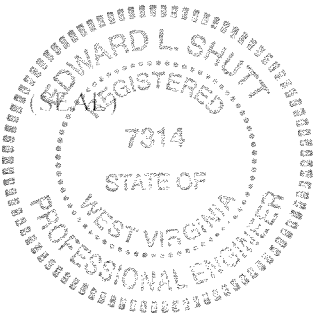
compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (viii) the bid documents relating to the Project reflect the Project as approved by the Authority and the bid forms provided to the bidders contain the critical operational components of the Project; (ix) the successful bids include prices for every item on such bid forms; (x) the uniform bid procedures were followed; (xi) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (xii) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project; and (xiii) attached hereto as Exhibit A is the final amended "Schedule B - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project has been designed to, and the construction contracts provide for, water service for up to 62 new customers in the Wiggins and Browning areas.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.

STAFFORD CONSULTANTS, INC.



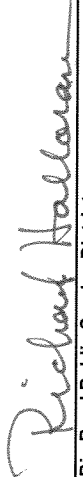
  
\_\_\_\_\_  
Edward L. Shutt, P.E.  
West Virginia License No. 7314

**BIG BEND PSD - BROWNING/WIGGINS/ARMORY ROAD WATER PROJECT**  
**SCHEDULE B**  
**IJDC 2009W-1142**

| A. COST OF PROJECT                                 | Total               | WDA<br>BAN | Remaining<br>Total  | WDA<br>GAN        | RUS<br>GRANT        | RUS<br>LOAN       | RUS<br>Subsequent<br>Grant |
|----------------------------------------------------|---------------------|------------|---------------------|-------------------|---------------------|-------------------|----------------------------|
| <b>1 Construction</b>                              |                     |            |                     |                   |                     |                   |                            |
| Construction Contract #1 Pro Contracting, Inc.     | 1,190,945.00        | 0.00       | 1,190,945.00        | 177,000.00        | 881,545.00          | 132,400.00        |                            |
| Construction Contract #2 Mid-Atlantic Storage      | 244,000.00          | 0.00       | 244,000.00          | 0.00              | 194,000.00          | 50,000.00         |                            |
| Construction - Tunnel Hill Booster Station         | 336,000.00          | 0.00       | 336,000.00          | 336,000.00        |                     |                   |                            |
| Construction - Hilldale / Talcott tanks fencing    | 29,000.00           | 0.00       | 29,000.00           | 0.00              | 0.00                |                   | 29,000.00                  |
| Construction - Tanks Repainting                    | 278,000.00          | 0.00       | 278,000.00          | 0.00              | 0.00                |                   | 278,000.00                 |
| Construction Contingency                           | 88,449.10           | 0.00       | 88,449.10           | 24,000.00         | 47,747.25           | 0.00              | 16,701.85                  |
| <b>2 Technical Services</b>                        |                     |            |                     |                   |                     |                   |                            |
| a. Basic Services                                  | 136,282.00          | 60,051.82  | 76,230.18           | 0.00              | 2,775.00            | 73,455.18         |                            |
| b. Resident Project Representative                 | 108,520.00          | 0.00       | 108,520.00          | 0.00              | 90,097.00           | 18,423.00         |                            |
| c. Additional Services                             | 27,440.00           | 19,652.18  | 7,787.82            | 0.00              | 0.00                | 7,787.82          |                            |
| <b>3 Legal &amp; Fiscal</b>                        |                     |            |                     |                   |                     |                   |                            |
| a. Legal                                           | 30,000.00           | 8,000.00   | 22,000.00           | 0.00              | 6,000.00            | 16,000.00         |                            |
| b. Accounting                                      | 10,000.00           | 7,225.00   | 2,775.00            | 0.00              | 0.00                | 2,775.00          |                            |
| <b>4 Administrative</b>                            | 80,000.00           | 18,000.00  | 62,000.00           | 62,000.00         | 0.00                | 0.00              |                            |
| <b>5 Sites &amp; Other Lands</b>                   |                     |            |                     |                   |                     |                   |                            |
| a. Land acquisition / ROW                          | 15,000.00           | 5,925.00   | 9,075.00            | 0.00              | 9,075.00            | 0.00              |                            |
| b. Permits                                         | 28,004.00           | 7,570.00   | 20,434.00           | 0.00              | 0.00                | 20,434.00         |                            |
| c. Power to the site                               | 4,000.00            | 0.00       | 4,000.00            | 0.00              | 4,000.00            | 0.00              |                            |
| <b>6 Environmental Clearance</b>                   | 5,096.00            | 5,096.00   | 0.00                | 0.00              | 0.00                | 0.00              |                            |
| <b>7 Equipment/Meters</b>                          | 39,500.00           | 0.00       | 39,500.00           | 0.00              | 39,500.00           | 0.00              |                            |
| <b>8 Project Contingency</b>                       | 49,380.47           | 0.00       | 49,380.47           | 0.00              | 20,260.75           | 7,821.57          | 21,298.15                  |
| <b>9 TOTAL of Lines 1 through 8</b>                | 2,699,616.57        | 131,520.00 | 143,878.43          | 599,000.00        | 1,295,000.00        | 472,975.00        | 345,000.00                 |
| <b>B. COST OF FINANCING</b>                        |                     |            |                     |                   |                     |                   |                            |
| 10 Funded Reserve                                  | 0.00                |            | 0.00                | 0.00              | 0.00                | 0.00              |                            |
| 11 Bond Counsel                                    | 17,750.00           | 6,000.00   | 11,750.00           | 1,500.00          | 0.00                | 10,250.00         |                            |
| 12 Registrar Fee                                   | 1,000.00            | 500.00     | 500.00              | 500.00            | 0.00                | 0.00              |                            |
| 13 Capitalized Interest                            | 27,633.43           | 5,858.43   | 21,775.00           | 0.00              | 0.00                | 21,775.00         |                            |
| 14 Cost of Issuance                                | 46,383.43           | 143,878.43 | 34,025.00           | 2,000.00          | 0.00                | 32,025.00         | 0.00                       |
| <b>13 TOTAL PROJECT COST (Line 9 plus Line 14)</b> | <b>2,746,000.00</b> |            | <b>2,746,000.00</b> | <b>601,000.00</b> | <b>1,295,000.00</b> | <b>505,000.00</b> | <b>345,000.00</b>          |
| <b>C. SOURCES OF OTHER FUNDS</b>                   |                     |            |                     |                   |                     |                   |                            |
| 15 Federal Grants                                  | 1,640,000.00        |            |                     |                   | 1,295,000.00        |                   | 345,000.00                 |
| 16 State Grants                                    | 0.00                |            |                     |                   |                     |                   |                            |
| 17 Other Grants                                    | 0.00                |            |                     |                   |                     |                   |                            |
| 18 Any Other Source                                | 0.00                |            |                     |                   |                     |                   |                            |
| <b>19 TOTAL GRANTS (Lines 15 through 18)</b>       | <b>1,640,000.00</b> |            |                     |                   |                     |                   |                            |
| <b>20 Size of Bond Issue</b>                       | <b>1,106,000.00</b> |            |                     |                   |                     |                   |                            |

Prepared by Region I Planning & Development Council

Stafford Consultants, Inc.  Date 6-13-13

 Date \_\_\_\_\_

Big Bend Public Service District

Stafford Consultants, Inc. signature is only to verify the construction costs and engineering cost as current costs. The engineer does not have the details to verify the other costs in the Schedule B.

# Imre David Pentek, CPA

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P.O. Box 1390 Lewisburg, WV 24901  
Office: (304) 647-3949 E-Mail: [ipentek@wildblue.net](mailto:ipentek@wildblue.net)

June 17, 2013

Big Bend Public Service District  
Water Revenue Bonds, Series 2013 A  
(United States Department of Agriculture)

Big Bend Public Service District  
Talcott, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered on November 30, 2012, which became Final Order on December 20, 2012 in Case No.12-0647-PWD-CN, and projected operating expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Big Bend Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Issuer's Water Revenue Bonds, Series 2013 A (United States Department of Agriculture), issued in the aggregate principal amount of \$505,000 (the "Series 2013 A Bonds") and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds including the Issuer's Water Revenue Bonds, Series 1977 (United States Department of Agriculture), dated June 14, 1978, issued in the original aggregate principal amount of \$184,000 (the "Series 1977 Bonds" or the "Prior Bonds").

It is further my opinion that the Net Revenues for the Fiscal Year following the year in which the Series 2013 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2013 A Bonds.

Very truly yours,



Imre D. Pentek

Member of



# Imre David Pentek, CPA

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P.O. Box 1390 Lewisburg, WV 24901

Office: (304) 647-3949 E-Mail: [ipentek@wildblue.net](mailto:ipentek@wildblue.net)

## PROJECT CPA – USDA CERTIFICATE

June 17, 2013

Big Bend Public Service District  
Water Revenue Bonds, Series 2013 A  
(United States Department of Agriculture)

Big Bend Public Service District  
Talcott, West Virginia

United States Department of Agriculture  
Beckley, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I, Imre D. Pentek, a Certified Public Accountant, License No. WV #3737, West Virginia, have reviewed the books and records of the Big Bend Public Service District. The PSD is required by its prior bond covenants to fund reserve accounts at a minimum annual deposit of 1/12 of an amount equal to one year debt service. I hereby certify that the PSD's debt service reserves are funded or being funded in accordance with these requirements. I also provide certification that the accounts and records of the PSD have been established in accordance with West Virginia Public Service Commission requirements and these accounts and records are operational.

Very truly yours,



Imre D. Pentek



**WV MUNICIPAL BOND COMMISSION**

State Lottery Building  
 900 Pennsylvania Avenue, Suite 1117  
 Charleston, WV 25302  
 (304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: June 17, 2013

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                                                                                                                                                                                   |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------|-------------------|----------|--|----------------|-----------------------|----------|--|-----------|-----------------------|----------|--|--|-----------------------------|----------------------|--|
| ISSUE: <u>Big Bend Public Service District</u><br><u>Water Revenue Bonds, Series 2013 A (United States Department of Agriculture)</u>                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |                                                                                                                                                                                   |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| ADDRESS: <u>P.O. Box 114, Talcott, West Virginia 24981</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             | COUNTY: <u>Summers</u>                                                                                                                                                            |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| PURPOSE OF ISSUE:<br>New Money: <u>x</u><br>Refunding: _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             |                                                                                                                                                                                   |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| ISSUE DATE: <u>June 17, 2013</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             | REFUNDS ISSUE(S) DATED: <u>NA</u>                                                                                                                                                 |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| ISSUE AMOUNT: <u>\$505,000</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                             | CLOSING DATE: <u>June 17, 2013</u>                                                                                                                                                |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| 1ST DEBT SERVICE DUE: <u>NA</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             | RATE: <u>2.125%</u>                                                                                                                                                               |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| 1ST DEBT SERVICE AMOUNT <u>NA</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             | 1ST PRINCIPAL DUE <u>NA</u>                                                                                                                                                       |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             | PAYING AGENT: <u>Issuer</u>                                                                                                                                                       |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| BOND COUNSEL:<br>Firm: <u>Steptoe &amp; Johnson PLLC</u><br>Contact: <u>John Stump, Esquire</u><br>Phone: <u>(304) 353.8196</u>                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             | UNDERWRITERS COUNSEL<br>Firm: _____<br>Contact: _____<br>Phone: _____                                                                                                             |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| CLOSING BANK:<br>Bank: <u>City National Bank</u><br>Contact: <u>Sheri Anderson</u><br>Phone: <u>304.431.5200</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             | ESCROW TRUSTEE:<br>Firm: _____<br>Contact: _____<br>Phone: _____                                                                                                                  |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| KNOWLEDGEABLE ISSUER CONTACT<br>Contact: <u>Richard Halloran</u><br>Position: <u>Chairman</u><br>Phone: <u>304.466.5111</u>                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             | OTHER:<br>Agency: <u>United States Department of Agriculture</u><br>Contact: <u>Teresa Miller</u><br>Position: <u>Rural Developoment Specialist</u><br>Phone: <u>304.253.9597</u> |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| DEPOSITS TO MBC AT CLOSE<br><table style="width: 100%;"> <tr> <td style="width: 40%;">By: _____ Wire</td> <td style="width: 20%;">Accrued Interest:</td> <td style="width: 20%;">\$ _____</td> <td style="width: 20%;"></td> </tr> <tr> <td style="text-align: center;"><u>x</u> Check</td> <td>Capitalized Interest:</td> <td>\$ _____</td> <td></td> </tr> <tr> <td></td> <td>Reserve Account:</td> <td>\$ _____</td> <td></td> </tr> <tr> <td></td> <td><u>x</u> (Pay 2012 A Bonds)</td> <td>\$ <u>143,878.43</u></td> <td></td> </tr> </table>               |                             |                                                                                                                                                                                   |  | By: _____ Wire | Accrued Interest: | \$ _____ |  | <u>x</u> Check | Capitalized Interest: | \$ _____ |  |           | Reserve Account:      | \$ _____ |  |  | <u>x</u> (Pay 2012 A Bonds) | \$ <u>143,878.43</u> |  |
| By: _____ Wire                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Accrued Interest:           | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| <u>x</u> Check                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Capitalized Interest:       | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Reserve Account:            | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>x</u> (Pay 2012 A Bonds) | \$ <u>143,878.43</u>                                                                                                                                                              |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| REFUNDS & TRANSFERS BY MBC AT CLOSE<br><table style="width: 100%;"> <tr> <td style="width: 40%;">By: _____ Wire</td> <td style="width: 20%;">To Escrow Trustee</td> <td style="width: 20%;">\$ _____</td> <td style="width: 20%;"></td> </tr> <tr> <td style="text-align: center;">_____ Check</td> <td>To Issuer</td> <td>\$ _____</td> <td></td> </tr> <tr> <td style="text-align: center;">_____ IGT</td> <td>To Cons. Invest. Fund</td> <td>\$ _____</td> <td></td> </tr> <tr> <td></td> <td>To Other: _____</td> <td>\$ _____</td> <td></td> </tr> </table> |                             |                                                                                                                                                                                   |  | By: _____ Wire | To Escrow Trustee | \$ _____ |  | _____ Check    | To Issuer             | \$ _____ |  | _____ IGT | To Cons. Invest. Fund | \$ _____ |  |  | To Other: _____             | \$ _____             |  |
| By: _____ Wire                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | To Escrow Trustee           | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| _____ Check                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | To Issuer                   | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| _____ IGT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | To Cons. Invest. Fund       | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | To Other: _____             | \$ _____                                                                                                                                                                          |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| NOTES: <u>Monthly debt service payments will be made by the District directly to the National Finance Office.</u><br><u>The Municipal Bond Commission will only hold the Series 2013 A Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.</u>                                                                                                                                                                                                                                                        |                             |                                                                                                                                                                                   |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |
| FOR MUNICIPAL BOND COMMISSION USE ONLY:<br>DOCUMENTS REQUIRED: _____<br>TRANSFERS REQUIRED: _____<br>_____                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                                                                                                                                                                                   |  |                |                   |          |  |                |                       |          |  |           |                       |          |  |  |                             |                      |  |

**WV MUNICIPAL BOND COMMISSION**

State Lottery Building  
 900 Pennsylvania Avenue, Suite 1117  
 Charleston, WV 25302  
 (304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: June 17, 2013

|                                                                                                                                                                       |                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| ISSUE: <u>Big Bend Public Service District</u><br><u>Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority)</u>                    |                                                |
| ADDRESS: <u>P.O. Box 114, Talcott, West Virginia 24981</u>                                                                                                            | COUNTY: <u>Summers</u>                         |
| PURPOSE OF ISSUE:<br>New Money: <u>x</u><br>Refunding: _____                                                                                                          |                                                |
| REFUNDS ISSUE(S) DATED: <u>NA</u>                                                                                                                                     |                                                |
| ISSUE DATE: <u>6/17/2013</u>                                                                                                                                          | CLOSING DATE: <u>June 17, 2013</u>             |
| ISSUE AMOUNT: <u>\$601,000</u>                                                                                                                                        | RATE: <u>0%</u>                                |
| 1ST DEBT SERVICE DUE: <u>NA</u>                                                                                                                                       | 1ST PRINCIPAL DUE <u>NA</u>                    |
| 1ST DEBT SERVICE AMOUNT <u>NA</u>                                                                                                                                     | PAYING AGENT: <u>Municipal Bond Commission</u> |
| <b>BOND COUNSEL:</b><br>Firm: <u>Steptoe &amp; Johnson PLLC</u><br>Contact: <u>John Stump, Esquire</u><br>Phone: <u>(304) 353.8196</u>                                |                                                |
| <b>UNDERWRITERS COUNSEL</b><br>Firm: <u>Jackson Kelly, PLLC</u><br>Contact: <u>Samme Gee, Esquire</u><br>Phone: <u>(304) 340-1318</u>                                 |                                                |
| <b>CLOSING BANK:</b><br>Bank: <u>City National Bank</u><br>Contact: <u>Sheri Anderson</u><br>Phone: <u>304.431.5200</u>                                               |                                                |
| <b>ESCROW TRUSTEE:</b><br>Firm: _____<br>Contact: _____<br>Phone: _____                                                                                               |                                                |
| <b>KNOWLEDGEABLE ISSUER CONTACT</b><br>Contact: <u>Richard Halloran</u><br>Position: <u>Chairman</u><br>Phone: <u>304.466.5111</u>                                    |                                                |
| <b>OTHER:</b><br>Agency: <u>West Virginia Water Development Authority</u><br>Contact: <u>Chris Jarrett</u><br>Position: <u>Director</u><br>Phone: <u>304.414.6500</u> |                                                |
| <b>DEPOSITS TO MBC AT CLOSE</b><br>By: _____ Wire _____<br>_____ Check _____                                                                                          |                                                |
| Accrued Interest: \$ _____<br>Capitalized Interest: \$ _____<br>Reserve Account: \$ _____<br>Other: \$ _____                                                          |                                                |
| <b>REFUNDS &amp; TRANSFERS BY MBC AT CLOSE</b><br>By: _____ Wire _____<br>_____ Check _____<br>_____ IGT _____                                                        |                                                |
| To Escrow Trustee \$ _____<br>To Issuer \$ _____<br>To Cons. Invest. Fund \$ _____<br>To Other: _____ \$ _____                                                        |                                                |
| NOTES: <u>The Series 2013 B Notes do not have a reserve account.</u><br><u>The Series 2013 B Notes are to be repaid with an Infrastructure Fund Grant</u>             |                                                |
| <b>FOR MUNICIPAL BOND COMMISSION USE ONLY:</b><br>DOCUMENTS REQUIRED: _____<br>TRANSFERS REQUIRED: _____                                                              |                                                |

BIG BEND PUBLIC SERVICE DISTRICT

Water Grant Anticipation Notes, Series 2013 B  
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK  
FOR SERIES 2013 B NOTES

CITY NATIONAL BANK, Princeton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Note Resolution of Big Bend Public Service District (the "Issuer") adopted by the Issuer on June 13, 2013, and a Supplemental Resolution adopted by the Issuer on June 13, 2013 (collectively, the "Note Legislation"), authorizing issuance of the Issuer's Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), dated June 17, 2013, in the aggregate principal amount of \$601,000 (the "Notes"), and agrees to serve as Depository Bank in connection with the Notes, all as set forth in the Note Legislation.

WITNESS my signature on this 17th day of June, 2013.

CITY NATIONAL BANK

By: Shirley Dillards  
Its: Authorized Officer

BIG BEND PUBLIC SERVICE DISTRICT

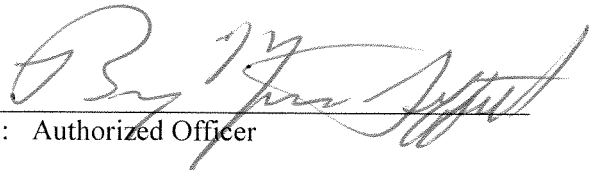
Water Grant Anticipation Notes, Series 2013 B  
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR FOR SERIES 2013 B NOTES

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Big Bend Public Service District Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), dated June 17, 2013, in the aggregate principal amount of \$601,000, (the "Series 2013 B Notes"), and agrees to perform all duties of Registrar in connection with the Series 2013 B Notes, all as set forth in the Note Legislation authorizing issuance of the Series 2013 B Notes.

WITNESS my signature on this 17th day of June, 2013.

THE HUNTINGTON NATIONAL BANK

By: 

Its: Authorized Officer

BIG BEND PUBLIC SERVICE DISTRICT

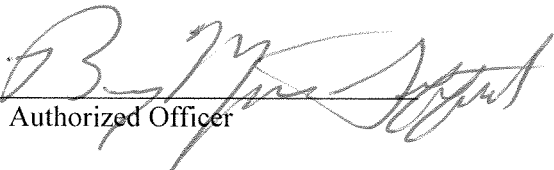
Water Grant Anticipation Notes, Series 2013 B  
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF SERIES 2013 B NOTES

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Note Legislation and Registrar's Agreement providing for the above-captioned Notes of Big Bend Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), of the Issuer, dated June 17, 2013, in the principal amount of \$601,000, numbered BR-1, registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 17th day of June, 2013.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

BIG BEND PUBLIC SERVICE DISTRICT

Water Grant Anticipation Notes, Series 2013 B  
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT FOR SERIES 2013 B NOTES

THIS REGISTRAR'S AGREEMENT, dated as of the 17th day of June, 2013, by and between BIG BEND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$601,000 principal amount of Water Grant Anticipation Notes, Series 2013 B (West Virginia Water Development Authority), dated the date hereof, in fully registered form (the "Series 2013 B Notes"), pursuant to a Note Resolution of the Issuer duly adopted June 13, 2013, and a Supplemental Resolution of the Issuer duly adopted June 13, 2013 (collectively, the "Note Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Note Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Note Legislation provides for an appointment by the Issuer of a Registrar for the Series 2013 B Notes; and

WHEREAS, the Issuer desires to appoint, and by the Note Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Note Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2013 B Notes, all as set forth in the Note Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2013 B Notes upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Series 2013 B Notes from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and

specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Note Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Note Legislation, the terms of the Note Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Note Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Big Bend Public Service District  
Route 3, Post Office Box 114  
Talcott, West Virginia 24981  
Attention: Chairman

REGISTRAR: The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Series 2013 B Notes in accordance with the Note Legislation.

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

[Remainder of Page Intentionally Blank]

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

BIG BEND PUBLIC SERVICE DISTRICT

By: Richard Hallera  
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: [Signature]  
Its: Authorized Officer

EXHIBIT A

Note Legislation included in note transcript as Documents No. 2 and No. 3A

**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE Big Bend PSD

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Big Bend PSD  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

**FIVE HUNDRED FIVE THOUSAND AND XX / 100 DOLLARS (\$505,000.00)**

pursuant to the provisions of Chapter 16 Article 13A, West Virginia Code ; and

**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 1,295,000.00

under the terms offered by the Government; that Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Big Bend PSD has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 12th day of May, 2009

Big Bend PSD

(SEAL)

By

Richard Halloran  
Richard Halloran

Title

Chairman

Attest:

Debra Bower Meadows  
Debra Bower

Title Secretary

### CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Big Bend PSD  
hereby certify that the Board of Directors of such Association is composed of  
3 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and  
held on the 12th day of May, 2009; and that the foregoing resolution was adopted at such meeting  
by the vote shown above, I further certify that as of June 17, 2013  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this 17th day of June, 2013

Debra Bower Meadows  
Debra Bower Meadows

Title Secretary

**WATER OR WASTE SYSTEM GRANT AGREEMENT  
UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE**

THIS AGREEMENT dated 6/13/2013 between

Big Bend PSD

a public corporation organized and operating under

Chapter 16 Article 13A, West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

**WHEREAS**

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under jurisdiction at an estimated cost of **\$2,746,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **\$1,106,000** of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of **\$1,106,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **\$1,640,000** or **59.72%** percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to

Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed **59.72%** percent of the development costs, as defined by applicable Rural Utilities Service Instructions. GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, **as approved by the West Virginia Public Service Commission**, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.  
**[Revision 1, 04/17/1998]**

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

**This Grant Agreement covers the following described real property (use continuation sheets as necessary).**

**All real property owned or hereafter acquired by Big Bend PSD used in conjunction with the operation of said water system.**

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

**[Revision 1, 04/17/1998]**

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

- (a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.
- (b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

- (1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.
- (2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- (3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

- (a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.
- (b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

**This Grant Agreement covers the following described equipment(use continuation sheets as necessary).**

N/A

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

**[Revision 1, 11/20/1997]**

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

**[Revision 1, 11/20/97]**

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed 1,640,000.00 which it will advance to Grantee to meet not to exceed 59.72% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

## Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

**Chairman**

---

and attested and its corporate seal affixed by its duly authorized

**Secretary**

---

Attest:

---

By:

*Debra Bower Meadows*

Debra Bower Meadows

(Title)

**Secretary**

---

By:

*Richard Halloran*

Richard Halloran

(Title)

**Chairman**

---

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By:

---

(Title)

BIG BEND PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A  
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of City National Bank, Princeton West Virginia (the "Bank"), hereby certifies that on June 17, 2013, the Bank received an automated transfer in the amount of \$203,943.20 to the credit of the Series 2013 Bonds Project Construction Account, Account Number 8005153765.

WITNESS my signature on this 17th day of June, 2013.

CITY NATIONAL BANK

By:  VP  
Its: Authorized Officer

735610.00001

6011117

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313

CHARLESTON, WV 25301-3713

Telephone (304) 558-2981

### PERMIT

(Water)  
**PROJECT:** Browning/Wiggins Water Line Extensions

**PERMIT NO.:**

**LOCATION:** Browning & Wiggins

**COUNTY:** Summers

**DATE:** 5-21-2012

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Big Bend PSD  
P. O. Box 114  
Talcott, West Virginia 24981**

is hereby granted approval to: approximately 9,072 LF of 12" (as an alternate 8" instead of 12"), 14,998 LF of 8", 798 LF of 6" and 1,499 LF of 2" water line; one (1) 135,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve 97 customers in the Browning and Wiggins areas.

**NOTE:** This permit is contingent upon: 1) All new water line and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new water storage tank with a minimum six (6) feet high fence with locking gates.

The Environmental Engineering Division of the OEHS Beckley District Office, (304) 256-6666, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager  
Infrastructure and Capacity Development  
Environmental Engineering Division

WSH:snj

pc: ✓ Stafford Consultants, Inc.  
Ingrid Ferrell, PSC-Engineering Division  
Amy Swann, PSC  
Summers County Health Department  
OEHS-EED Beckley District Office

BIG BEND PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1977

BOND RESOLUTION

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BIG BEND PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$184,000 WATER REVENUE BOND, SERIES 1977, OF BIG BEND PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATERWORKS; 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 FOR A STATUTORY MORTGAGE LIEN UPON THE SYSTEM IN FAVOR 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 BIG BEND PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Big Bend Public Service District (herein called the "District") is a public service district created pursuant to said Article 13A by The County Commission of Summers County.

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

(A) The District does not now have a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be acquired and constructed a new waterworks system of the District consisting of water transmission and distribution lines, a water treatment plant, storage tanks and pump station, with all necessary appurtenant facilities (herein called 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 of the District (herein called the "Board").

(C) It is necessary for the District to issue its revenue bond in the principal amount of ~~\$200,000~~ <sup>\$184,000</sup> to finance the cost of such construction in the manner hereinafter provided.

<sup>\$1,102,800</sup> (D) The estimated maximum cost of the construction of the Project is ~~\$200,000~~, of which \$184,000 will be obtained from the proceeds of sale of the Series 1977 Bond herein authorized, \$456,000 from a grant by United States Department of Housing and Urban Development and \$280,000 from a grant by Appalachian Regional Commission, *and a \$1,822,000 grant from the State of W.Va.*

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1977 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 construction of the Project and the financing authorized by this resolution.

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

(G) There are not outstanding any obligations of the District which will rank prior to or on a parity with the Series 1977 Bond as to lien and source of and security for payment.

(H) The Government is expected by the Board to purchase the entire principal amount of the Series 1977 Bond.

(I) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1977 Bond, or will have so complied prior to issuance of the Series 1977 Bond including, among

other things, the consent and approval, pursuant to the Act, of the issuance of the Series 1977 Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Series 1977 Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

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

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the \$184,000 Water Revenue Bond, Series 1977, originally authorized to be issued pursuant to this Resolution.

"Series 1977 Bond" means the Bond hereby authorized to be issued.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means Gates Engineering Company, Beckley, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Big Bend Public Service District, of Summers County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"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 any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

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

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"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 District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Series 1977 Bond or of any part of such series.

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

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District,

or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

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

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

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF SERIES 1977 BOND

Section 2.01. Authorization of Series 1977 Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1977", is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Eighty-Four Thousand Dollars (\$184,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Series 1977 Bond. The Series 1977 Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Series 1977 Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Series 1977 Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Series 1977 Bond. The Series 1977 Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 1977 Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Series 1977 Bond of like tenor as the Series 1977 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 1977 Bond or in lieu of and substitution for the Series 1977 Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Series 1977 Bond so

surrendered shall be canceled and held for the account of the District.

If the Series 1977 Bond shall have matured or be about to mature, instead of issuing a substitute Series 1977 Bond the District may pay the same, and, if such Series 1977 Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Series 1977 Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. 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 Series 1977 Bond as the same become due.

Section 2.06. Form of Series 1977 Bond. Subject to the provisions of this Resolution, the text of the Series 1977 Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1977

BIG BEND PUBLIC SERVICE DISTRICT

\$184,000

No. 1

Date: \_\_\_\_\_

FOR VALUE RECEIVED, BIG BEND PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Eighty-Four Thousand Dollars (\$184,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$904, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the

Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This Bond shall be subject to the present regulations

of the Farmers Home Administration and to its future regulations not  
inconsistent with the express provisions hereof.

[CORPORATE SEAL]

BIG BEND PUBLIC SERVICE DISTRICT  
(Name of Borrower)

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

ATTEST:

Route 1, Box 154  
(Post Office Box No. or Street Address)

Hinton, West Virginia 25951  
(City, State and Zip Code)

\_\_\_\_\_  
(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

ASSIGNMENT

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

ARTICLE III

SERIES 1977 BOND PROCEEDS; REVENUES  
AND APPLICATION THEREOF

Section 3.01. Series 1977 Bond Proceeds; Project Construction

Account. All moneys received from the sale of the Series 1977 Bond shall be deposited on receipt by the District in National Bank of Summers, Hinton, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Big Bend Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and pay to the National Finance Office named in the Series 1977 Bond, not later than the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Series 1977 Bond on such interest payment date.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all 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 Government.

Section 3.02. Covenants of the District as to 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 Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of all the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the District 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 District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Series 1977 Bond the amounts required to pay the interest on the Series 1977 Bond and to amortize the principal of the Series 1977 Bond over the life of the Bond issue.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Account hereby established with said Bank, one-one hundred twentieth of the maximum amount of principal of and interest on the Bond payable in any year, such sum being herein called the "Minimum Reserve". After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly installments of the principal of and interest on the Series 1977 Bond as the same shall become due or for prepayment of installments, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank 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 \$28,000 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 for monthly installments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining

therein and not permitted to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the District, anything to the contrary in this Resolution notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the District upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Government shall have a lien thereon for further securing payment of the Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia. The 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 as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Account and the 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. Earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Additional User Contracts. The District shall, prior to delivery of the Series 1977 Bond obtain user agreements from not less than 200 bona fide full time users, ~~and shall collect from such users and deposit in the Project Construction Account, not less than \$10,000, based on a top fee of \$50.~~

## ARTICLE IV

### GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account 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 District and the bondholders.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the Bond and to make the payments required herein into the Reserve Account 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 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

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

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the District from claims for bodily injury and/ or death, and not less than \$100,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds

to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

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

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Series 1977 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 Series 1977 Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment into the Bond Fund at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of

the covenants, conditions and agreements on the part of the District contained in the Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of

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

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Series 1977 Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

|          |                |                           |
|----------|----------------|---------------------------|
| First    | 3,000 gallons  | \$ 3.20 per 1,000 gallons |
| Next     | 3,000 gallons  | 2.80 per 1,000 gallons    |
| Next     | 4,000 gallons  | 2.40 per 1,000 gallons    |
| All over | 10,000 gallons | 2.00 per 1,000 gallons    |

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

|                             |         |
|-----------------------------|---------|
| 5/8 x 3/4" meter or smaller | \$ 9.60 |
| 3/4" meter                  | 13.82   |
| 1" meter                    | 24.58   |
| 1 1/2" meter                | 55.30   |
| 2" meter                    | 98.30   |
| 3" meter                    | 221.18  |
| 4" meter                    | 393.22  |
| 6" meter                    | 884.74  |

TAP FEES FOR NEW SERVICE

Prior to award of construction contract \$50.00

After award of construction contract \$150 or actual cost of installation, including materials and labor, whichever is greater.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within 30 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of \$15.00 have been paid.

#### MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch meter. Motels and hotels shall pay according to the size of meter installed.

#### TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for not less than the minimum bill herein established for five-eighths inch meter, multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted June 14, 1978.

Asky C. Mann  
Chairman of Public Service Board

Elmer R. Niple  
Member

Russell W. Harrison  
Member

WATER REVENUE BOND, SERIES 1977  
BIG BEND PUBLIC SERVICE DISTRICT

\$184,000

No. 1

Date: June 14, 1978

FOR VALUE RECEIVED, BIG BEND PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Eighty-Four Thousand Dollars (\$184,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$904, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final

payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This Bond shall be subject to the present regulations

of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE SEAL]

BIG BEND PUBLIC SERVICE DISTRICT

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Chairman, Public Service Board

Route 1, Box 154  
Hinton, West Virginia 25951

ATTEST:

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Secretary, Public Service Board

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

ASSIGNMENT

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_  
\_\_\_\_\_  
(Title)