

**CITY OF GRAFTON**

**Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)**

**(Date of Closing: October 28, 2015)**

ORDINANCE NO. 835

THE CITY OF GRAFTON

AN AMENDED AND RESTATED ORDINANCE AUTHORIZING AND APPROVING THE REFUNDING OF THE CITY OF GRAFTON HOSPITAL REFUNDING REVENUE BONDS, SERIES 2002 (GRAFTON CITY HOSPITAL), THE REFINANCING OF A LOAN OBLIGATION OF GRAFTON CITY HOSPITAL AND THE PAYMENT OF OTHER OBLIGATIONS OF GRAFTON CITY HOSPITAL; THE DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE EXISTING FACILITIES OF GRAFTON CITY HOSPITAL AND THE ACQUISITION OF CERTAIN PERSONAL PROPERTY, FIXTURES AND EQUIPMENT FOR GRAFTON CITY HOSPITAL; THE SALE AND ISSUANCE OF NOT TO EXCEED \$3,700,000 CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS (GRAFTON CITY HOSPITAL), IN ONE OR MORE SERIES; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, AN ESCROW AGREEMENT AND OTHER INSTRUMENTS AND AUTHORIZING AND APPROVING OTHER DOCUMENTS AND MATTERS RELATING TO THE TERMS AND SECURITY OF SUCH BONDS, THE REFUNDING AND REFINANCING OF SUCH OBLIGATIONS OF GRAFTON CITY HOSPITAL AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO GRAFTON CITY HOSPITAL; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer") owns and operates in the City of Grafton, Taylor County, West Virginia, a critical access hospital known as Grafton City Hospital (such hospital, together with the site thereof and all personal property, equipment and fixtures therefor, now existing, herein called the "Hospital") and has heretofore financed and refinanced the acquisition and construction of the Hospital and certain renovations, improvements and equipment therefor with several series of hospital revenue bonds, of which

there are currently outstanding the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds");

WHEREAS, the Issuer has operated and continues to operate the Hospital through a board known as "The Board of Trustees of Grafton City Hospital" (the "Board") which Board is a West Virginia not for profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code;

WHEREAS, the Issuer has determined to: (i) undertake the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"), (ii) refund the Prior Bonds, (iii) refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations") and (iv) pay existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"), and the Issuer has determined that such actions will help to maintain or provide gainful employment and improve living conditions for the inhabitants of the City, will serve a public purpose of the Issuer by contributing to the prosperity, health and general welfare of the inhabitants of the City and will aid and assist in the provision of health care services in the community;

WHEREAS, pursuant to and in accordance with the provisions of Chapter 8, Article 16 (the "Revenue Bond Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act" and collectively with the Revenue Bond Act, the "Act"), the Issuer on November 12, 2014 adopted a Bond Ordinance (the "Prior Ordinance") authorizing the issuance of its Hospital Refunding and Improvement Revenue Bonds (Grafton City Hospital), in one or more series (the "Bonds") for the purposes of financing costs of the design, acquisition, construction and equipping of the Project and currently refunding the Outstanding Obligations;

WHEREAS, the Issuer desires to amend the Prior Ordinance pursuant to this Amended and Restated Ordinance in order to provide for the use of a portion of the proceeds of the Bonds to repay the Federal Tax Obligations, to clarify the Outstanding Obligations which are being refinanced and to increase the maximum principal amount of Bonds which may be issued for the purposes described herein from \$3,000,000 to \$3,700,000; and

WHEREAS, the Issuer desires to take all steps necessary to promptly proceed with the issuance of the Bonds, the refunding of the Prior Bonds, the refinancing of the Loan Obligation and the repayment of the Federal Tax Obligations;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAFTON, AS FOLLOWS:

Section 1. Pursuant to the Act, this Ordinance is adopted and enacted and it is hereby found and determined that, to accomplish the purposes of the Act and the findings set forth in the preambles hereof, the refunding of the Prior Bonds, the refinancing of the Loan Obligation, the repayment of the Federal Tax Obligations and the design, acquisition, construction and equipping of the Project are hereby authorized and directed. In addition, the issuance and delivery of the Bonds by the Issuer in the aggregate principal amount of not to exceed \$3,700,000 in accordance with the terms thereof for the purposes of refunding the Prior Bonds, refinancing the Loan Obligation, paying the Federal Tax Obligations and financing costs of the Project are hereby authorized, approved and directed. The Bonds shall be issued in accordance with, and shall have the terms provided in, the Indenture (hereinafter defined). Such approval shall constitute the approval of the issuance of the Bonds by an "applicable elected official" to the extent such approval may be required by any State or federal law.

Section 2. The Indenture, substantially in the form to be approved by the Issuer pursuant to a Supplemental Resolution to be hereafter adopted by the Issuer prior to the issuance of the Bonds (the "Supplemental Resolution"), is hereby approved to be executed and delivered by the appropriate officials of the Issuer and accepted in all respects, with such changes, variations, insertions and omissions as may be approved by the Issuer. The Mayor and City Manager of the Issuer shall execute, acknowledge, as necessary, and deliver the Indenture with such changes, variations, insertions and omissions as may be approved by the Mayor and City Manager, and the Clerk of the City is hereby authorized and directed to affix the seal of the City thereto and to attest the seal. The execution of the Indenture by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 3. The Escrow Agreement, if determined to be necessary in connection with the issuance of the Bonds, the refunding of the Prior Bonds, the refinancing of the Loan Obligation and the payment of the Federal Tax Obligations, as provided for in the Supplemental Resolution and substantially in the form to be approved by the Issuer pursuant to the Supplemental Resolution (if such Agreement is deemed necessary), is hereby approved to be executed and delivered by the appropriate officials of the Issuer and accepted in all respects, with such changes, variations, insertions and omissions as may be approved by the Issuer. The Mayor and City Manager of the Issuer shall execute, acknowledge, as necessary, and deliver the Escrow Agreement with such changes, variations, insertions and omissions as may be approved by the Mayor and City Manager, and the Clerk of the Issuer is hereby authorized and directed to affix the seal of the City thereto and to attest the seal. The

execution of the Escrow Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 4. The Issuer hereby approves the sale of the Bonds to the United States of America on behalf of the United States Department of Agriculture, or their designees or agents. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 5. All covenants, stipulations, obligations and agreements of the Issuer contained herein and contained in the Bonds, the Indenture, the Escrow Agreement and all other instruments and documents relating thereto shall be deemed to be the special and limited covenants, stipulations, obligations and agreements of the Issuer to the full extent permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Issuer and its successors from time to time and upon any board or body to which any powers or duties, affecting such covenants, stipulations, obligations and agreements, shall be transferred by or in accordance with law. Except as otherwise provided herein, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer or the officials thereof by the provisions hereof and by the Bonds, Indenture, the Escrow Agreement and all other instruments and documents relating thereto shall be exercised or performed by the Issuer or by such officers, board or body as may be required or permitted by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Bonds, the Indenture, the Escrow Agreement and all other instruments and documents relating thereto shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, agent or employee of the Issuer in his or her individual capacity and neither the Issuer nor any officer or employee thereof shall have any personal liability or accountability on the Bonds, the Indenture or the Escrow Agreement.

Section 6. The firm of Steptoe & Johnson PLLC, Bridgeport, West Virginia, is hereby designated as bond counsel in connection with the issuance of the Bonds.

Section 7. The execution, delivery and due performance of the Indenture, the Escrow Agreement and the Bonds and all other documents relating thereto, are hereby in all respects approved, authorized, ratified and confirmed, including, without limitation, all acts heretofore taken in connection with the refunding of the Prior Bonds, the refinancing of the Outstanding Obligations, the payment of the Federal Tax Obligations, the acquisition and construction of the Project and the issuance of the Bonds, and it is hereby ordered that the Mayor, City Manager, the Clerk, the councilmembers and other employees and officers of the Issuer execute and deliver such other documents, certificates, agreements and instruments and take such other action as may be required or desirable to carry out the purposes of this Ordinance, the Bonds and the aforesaid documents, certificates, agreements and instruments.

Section 8. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

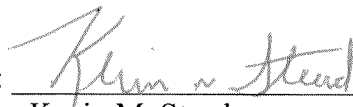
Section 9. This Ordinance shall take effect immediately following the public hearing hereon.

Section 10. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the Mountain Statesman, a newspaper published and of general circulation in the Issuer, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds by the Issuer, and that any person interested may appear before the Issuer upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Clerk of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council of the Issuer shall take such action as they shall deem proper in the premises.

|                                                      |                                          |
|------------------------------------------------------|------------------------------------------|
| Passed on First Reading:                             | September 15, 2015                       |
| Passed on Second Reading:                            | September 22, 2015                       |
| Passed on Third Reading<br>Following Public Hearing: | October 6, 2015                          |
| Publication Dates                                    | September 23, 2015<br>September 30, 2015 |

CITY OF GRAFTON

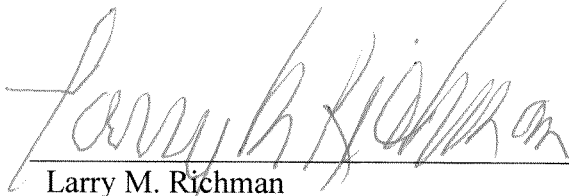
By:   
G. Thomas Bartlett, III  
Mayor

By:   
Kevin M. Stead  
City Manager

CERTIFICATION

The undersigned, being the duly qualified, elected and acting Clerk of the City of Grafton does hereby certify that the foregoing Ordinance was duly adopted and enacted by the council of the City of Grafton following a public hearing thereon, at regular or special meetings duly held, pursuant to proper notice thereof, on September 15, 2015, September 22, 2015, and October 6, 2015, quorums being present and acting throughout, and which Ordinance has not been repealed, rescinded, modified, amended or revoked and is a true, correct and complete copy thereof as witness my hand and the seal of the City of Grafton this 6<sup>th</sup> day of October, 2015.

[SEAL]

  
\_\_\_\_\_  
Larry M. Richman  
Clerk, City of Grafton

**Supplemental Resolution**

**CITY OF GRAFTON**

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

**SUPPLEMENTAL RESOLUTION**

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DETAILS OF THE HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 A AND SERIES 2015 B (UNITED STATES DEPARTMENT OF AGRICULTURE) OF THE CITY OF GRAFTON; APPROVING THE FORM OF INDENTURE OF TRUST FOR THE BONDS AND AUTHORIZING AND APPROVING AN ESCROW AGREEMENT, CREDIT LINE DEED OF TRUST AND OTHER INSTRUMENTS RELATING TO THE ISSUANCE OF THE BONDS, THE REFUNDING OF THE SERIES 2002 BONDS, THE REFINANCING OF A LOAN OBLIGATION, THE PAYMENT OF CERTAIN FEDERAL TAX OBLIGATIONS AND THE DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT; AUTHORIZING THE SALE AND DELIVERY OF SUCH BONDS TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL HOUSING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; DESIGNATING A REGISTRAR, PAYING AGENT, ESCROW AGENT AND DEPOSITORY BANK; RECOGNIZING THE ROLE OF GRAFTON CITY HOSPITAL, INC. AS THE BOARD WHICH HAS BEEN APPOINTED BY THE CITY TO OPERATE THE HOSPITAL AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE FOREGOING MATTERS.

WHEREAS, the city council (the "Governing Body") of The City of Grafton (the "Issuer"), has duly and officially adopted and enacted an amended and restated bond ordinance, effective October 6, 2015 (the "Bond Ordinance"), entitled:

AN AMENDED AND RESTATED ORDINANCE AUTHORIZING AND APPROVING THE REFUNDING OF THE CITY OF GRAFTON HOSPITAL REFUNDING REVENUE BONDS, SERIES 2002 (GRAFTON CITY HOSPITAL), THE REFINANCING OF A LOAN OBLIGATION OF GRAFTON CITY HOSPITAL AND THE

PAYMENT OF OTHER OBLIGATIONS OF GRAFTON CITY HOSPITAL; THE DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE EXISTING FACILITIES OF GRAFTON CITY HOSPITAL AND THE ACQUISITION OF CERTAIN PERSONAL PROPERTY, FIXTURES AND EQUIPMENT FOR GRAFTON CITY HOSPITAL; THE SALE AND ISSUANCE OF NOT TO EXCEED \$3,700,000 CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS (GRAFTON CITY HOSPITAL), IN ONE OR MORE SERIES; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, AN ESCROW AGREEMENT AND OTHER INSTRUMENTS AND AUTHORIZING AND APPROVING OTHER DOCUMENTS AND MATTERS RELATING TO THE TERMS AND SECURITY OF SUCH BONDS, THE REFUNDING AND REFINANCING OF SUCH OBLIGATIONS OF GRAFTON CITY HOSPITAL AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO GRAFTON CITY HOSPITAL; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bond Ordinance;

WHEREAS, the Bond Ordinance provides for the current refunding and repayment of the Issuer's Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"), the refinancing of a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. in the original principal amount of \$382,205.86 entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"), the payment of existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"), and the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"), the issuance by the Issuer of its not to exceed \$3,700,000 in principal amount of Hospital Refunding and Improvement Revenue Bonds (United States Department of Agriculture) (the "Bonds"), in one or more series, for the purposes of financing the current refunding and repayment of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligations, the design, acquisition, construction and equipping of the Project and matters relating to the foregoing, all in accordance with the Act;

WHEREAS, the Bond Ordinance provides that certain terms of the Bonds, the forms of the Indenture of Trust and Escrow Agreement with respect to the Bonds and the description of the Outstanding Obligations to be refinanced should be approved pursuant to a Supplemental Resolution of the Issuer and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer has operated and continues to operate the Hospital through Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Board"), which Board is a West Virginia not for profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code;

WHEREAS, the Issuer desires to reaffirm and clarify that the Board is acting and serving as the City Hospital Board which was created pursuant to Ordinance No. 490 enacted by the City Council of the Issuer on April 30, 1985 (the "Board Establishment Ordinance") and pursuant to Article IV, Section 41 of the Charter of the Issuer (the "City Charter") for the purpose of operating and managing the Hospital;

WHEREAS, the Board shall undertake the design, acquisition, construction and equipping of the Project, including but not limited to the engagement of an architect for the design and construction inspection of the Project and shall be the party to the construction contract or contracts for the acquisition, construction and equipping of the Project for and on behalf of the Issuer;

WHEREAS, the Bonds are proposed to be purchased by the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser"), pursuant to a Letter of Conditions dated July 15, 2014, together with Amendment No. 1 to the Letter of Conditions dated September 15, 2015 and the Closing Instructions of the Purchaser (collectively, the Letter of Conditions");

WHEREAS, the Bonds will be issued in two series by the Issuer as follows:

- (i) Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) in the aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds"); and
- (ii) Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) in the aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and together with the Series 2015 A Bonds, the "Bonds")

WHEREAS, the Issuer desires to appoint the Registrar, Paying Agent, Escrow Agent and Depository Bank with respect to the Bonds; and

WHEREAS, the City Council of the Issuer deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF GRAFTON:

Section 1. The Issuer hereby approves, authorizes and directs: (i) the design, acquisition, construction and equipping of the Project by the Board, (ii) the current refunding and repayment in full of the Prior Bonds, (iii) the repayment in full and refinancing of the Loan Obligation and (iv) the payment of the Federal Tax Obligations in the manner provided in the Escrow Agreement.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Issuer's:

(i) Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture), originally represented by a single Bond, numbered AR-1, in the principal amount of \$2,999,930 and maturing approximately 30 years from their date of issuance. The Series 2015 A Bonds will be payable in regular monthly amortizing installment payments consisting of principal and interest sufficient in amount to repay the Series 2015 A Bonds over their 30 year repayment term;

(ii) Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture), originally represented by a single Bond, numbered BR-1, in the principal amount of \$650,000 and maturing approximately 30 years from their date of issuance. The Series 2015 B Bonds will be payable in regular monthly amortizing installment payments consisting of principal and interest sufficient in amount to repay the Series 2015 B Bonds over their 30 year repayment term;

The proceeds of the Bonds will be utilized to pay costs of the design, acquisition, construction and equipping of the Project, to finance the current refunding and redemption in full of the Prior Bonds, the repayment in full and refinancing of the Loan Obligation, the payment of the Federal Tax Obligations and the payment of costs of issuance of the Bonds. The Bonds shall be dated their date of delivery and shall be issued only as fully registered Bonds.

Section 3. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall after payment of interest, be applied to the installments last to become due under the Bonds and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled in the Bonds. The remaining terms of the Bonds shall be as provided pursuant to the Indenture and in the Bonds to be executed and delivered by the Issuer.

Section 4. The Escrow Agreement (the "Escrow Agreement") by and between the Issuer and the West Virginia Municipal Bond Commission, Charleston, West Virginia, as escrow agent, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Mayor and City Manager shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager and the City Clerk is hereby authorized and directed to affix the seal of the Issuer thereto, as necessary, and to attest the seal. Execution of the Escrow Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 5. The Indenture of Trust (the "Indenture") by and among the Issuer, United Bank, Inc., as trustee (the "Trustee"), and accepted and agreed to by the Board, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Mayor and City Manager shall execute and deliver the Indenture with such changes, insertions and omissions as may be approved by the Mayor and City Manager and the City Clerk is hereby authorized and directed to affix the seal of the Issuer thereto, as necessary, and to attest the seal. Execution of the Indenture by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 6. The Credit Line Deed of Trust (the "Deed of Trust") by and between the Issuer and the trustee named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Mayor and City Manager shall execute and deliver the Deed of Trust with such changes, insertions and omissions as may be approved by the Mayor and City Manager and the City Clerk is hereby authorized and directed to affix the seal of the Issuer thereto, as necessary, and to attest the seal. Execution of the Deed of Trust by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 7. The Bonds shall be sold to the United States of America, acting by and through the Rural Housing Service, United States Department of Agriculture (the "Purchaser"), and shall

be initially registered in the name of such Purchaser. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 8. The Issuer does hereby appoint and designate United Bank, Inc. as the Trustee and Registrar for the Bonds (the "Trustee" or "Registrar").

Section 9. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Escrow Agent for the Prior Bonds and as Paying Agent for the Bonds.

Section 10. The Issuer does hereby appoint Branch Banking and Trust Company, Grafton, West Virginia, as Depository Bank under the Indenture.

Section 11. The Issuer has operated and continues to operate the Hospital through the Board, which Board is a West Virginia not for profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Issuer reaffirms and clarifies that the Board is acting and serving as the City Hospital Board which was created pursuant to the Board Establishment Ordinance and pursuant to the City Charter for the purpose of operating and managing the Hospital. The Board is hereby authorized and directed to undertake the design, acquisition, construction and equipping of the Project, including, but not limited to the engagement of an architect for the design and construction inspection of the Project. The Board shall be the party to the construction contract or contracts for the acquisition, construction and equipping of the Project for and on behalf of the Issuer and any action heretofore taken by the Issuer or the Board in connection with the foregoing is hereby ratified and approved.

Section 12. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds, hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be executed and delivered to the Purchaser pursuant to the Letter of Conditions.

Section 13. The appropriate officials and/or employees of the Issuer are hereby authorized and directed to transfer from the sinking fund and reserve account created for the Prior Bonds, and held by the West Virginia Municipal Bond Commission, the amounts set forth in the Escrow Agreement, to the Escrow Fund or to otherwise apply such funds to the current refunding and repayment in full of the Prior Bonds.

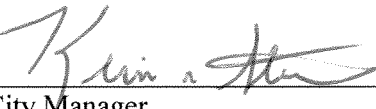
Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this October 6, 2015.

CITY OF GRAFTON

By:   
Mayor

By:   
City Manager

APPROVED AND CORRECT AS TO FORM:

By:   
City Attorney

CERTIFICATION

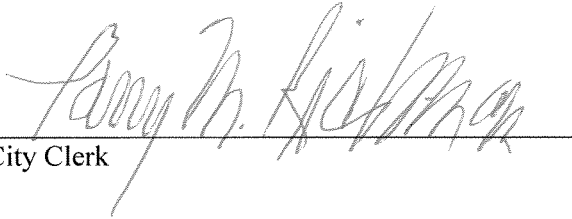
Certified a true copy of a Supplemental Resolution duly adopted by the Council of the CITY OF GRAFTON on October 6, 2015 at a regularly scheduled open meeting of the City duly called and held pursuant to applicable law in which a quorum was present and acting throughout and which Resolution has not been amended in any way or repealed as of the date hereof.

Dated: October 6, 2015.

[SEAL]

By: \_\_\_\_\_

City Clerk

A handwritten signature in cursive script, appearing to read "Gary B. Hickman", is written over a horizontal line. The signature is in dark ink and is slanted slightly to the right.

INDENTURE OF TRUST

Dated as of  
October 28, 2015

By and Between

CITY OF GRAFTON  
(WEST VIRGINIA)

AND

UNITED BANK, INC.,  
Trustee

Relating to

\$3,649,930  
City of Grafton  
Hospital Refunding and Improvement Revenue Bonds,  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

## Table of Contents

| <u>Subject</u>                                                                                                                                              | <u>Page</u>                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| RECITALS                                                                                                                                                    |                                                                                             |
| <br><b>ARTICLE I</b><br><b>DEFINITIONS</b>                                                                                                                  |                                                                                             |
| Section 1.01                                                                                                                                                | Definitions ..... 3                                                                         |
| Section 1.02                                                                                                                                                | Findings and Determinations..... 11                                                         |
| <br><b>ARTICLE II</b><br><b>THE BONDS</b>                                                                                                                   |                                                                                             |
| Section 2.01                                                                                                                                                | Authorized Amount of Bonds ..... 11                                                         |
| Section 2.02                                                                                                                                                | Issuance and Delivery of Bonds ..... 11                                                     |
| Section 2.03                                                                                                                                                | Execution..... 13                                                                           |
| Section 2.04                                                                                                                                                | Authentication ..... 13                                                                     |
| Section 2.05                                                                                                                                                | Form of Bonds..... 13                                                                       |
| Section 2.06                                                                                                                                                | Mutilated, Lost, Stolen or Destroyed Bonds ..... 13                                         |
| Section 2.07                                                                                                                                                | Bond Registrar..... 14                                                                      |
| Section 2.08                                                                                                                                                | Paying Agent ..... 14                                                                       |
| Section 2.09                                                                                                                                                | Transfer, Registration of Transfer and Exchange..... 14                                     |
| Section 2.10                                                                                                                                                | Fees..... 14                                                                                |
| Section 2.11                                                                                                                                                | Temporary Bonds..... 14                                                                     |
| Section 2.12                                                                                                                                                | Cancellation..... 15                                                                        |
| Section 2.13                                                                                                                                                | Limited Obligations..... 15                                                                 |
| Section 2.14                                                                                                                                                | Pledge of Net Revenues ..... 15                                                             |
| <br><b>ARTICLE III</b><br><b>AUTHORIZATION OF PROJECT; REFUNDING OF PRIOR BONDS;<br/>REFINANCING OF LOAN OBLIGATION; PAYMENT OF FEDERAL TAX OBLIGATIONS</b> |                                                                                             |
| Section 3.01                                                                                                                                                | Authorization of Design, Acquisition, Construction and Equipping<br>of the Project ..... 15 |
| Section 3.02                                                                                                                                                | Authorization of Refunding of Prior Bonds ..... 15                                          |
| Section 3.03                                                                                                                                                | Authorization of Refinancing of the Loan Obligation ..... 16                                |
| Section 3.04                                                                                                                                                | Authorization of Payment of Federal Tax Obligations ..... 16                                |
| Section 3.05                                                                                                                                                | Authorization of Payment of Issuance Costs..... 16                                          |

**ARTICLE IV  
GENERAL COVENANTS AND PROVISIONS**

|              |                                               |    |
|--------------|-----------------------------------------------|----|
| Section 4.01 | Payment of Bonds .....                        | 16 |
| Section 4.02 | Performance of Covenants .....                | 17 |
| Section 4.03 | Inspection of Hospital Books .....            | 17 |
| Section 4.04 | Additional Bonds.....                         | 17 |
| Section 4.05 | Permitted Indebtedness.....                   | 17 |
| Section 4.06 | Covenant on Maintenance of Hospital .....     | 18 |
| Section 4.07 | Compliance with Laws.....                     | 18 |
| Section 4.08 | Taxes and Assessments .....                   | 18 |
| Section 4.09 | Rate Covenant .....                           | 18 |
| Section 4.10 | Hazardous Waste.....                          | 19 |
| Section 4.11 | ERISA Covenant .....                          | 20 |
| Section 4.12 | Insurance Coverage and Terms .....            | 20 |
| Section 4.13 | Insurance Proceeds.....                       | 22 |
| Section 4.14 | City Acting Through Board.....                | 23 |
| Section 4.15 | Additional Representations and Covenants..... | 23 |

**ARTICLE V  
FUNDS AND ACCOUNTS; REVENUES AND APPLICATION THEREOF**

|              |                                                           |    |
|--------------|-----------------------------------------------------------|----|
| Section 5.01 | Establishment of Revenue Fund and Construction Fund ..... | 24 |
| Section 5.02 | Establishment of Sinking Fund and Reserve Account .....   | 24 |
| Section 5.03 | Bond Proceeds; Construction Fund.....                     | 24 |
| Section 5.04 | Revenues; Flow of Funds.....                              | 24 |
| Section 5.05 | Disbursements from Sinking Fund.....                      | 27 |
| Section 5.06 | Repayment to Hospital Upon Payment of Bonds.....          | 27 |

**ARTICLE VI  
APPLICATION OF PROCEEDS OF BONDS**

|              |                                        |    |
|--------------|----------------------------------------|----|
| Section 6.01 | Disposition of Proceeds of Bonds ..... | 27 |
|--------------|----------------------------------------|----|

**ARTICLE VII  
INVESTMENTS**

|              |                  |    |
|--------------|------------------|----|
| Section 7.01 | Investments..... | 28 |
|--------------|------------------|----|

**ARTICLE VIII  
SATISFACTION AND DISCHARGE**

|              |                                  |    |
|--------------|----------------------------------|----|
| Section 8.01 | Satisfaction and Discharge ..... | 29 |
|--------------|----------------------------------|----|

## **ARTICLE IX DEFAULTS AND REMEDIES**

|              |                                                                                     |    |
|--------------|-------------------------------------------------------------------------------------|----|
| Section 9.01 | Events of Default.....                                                              | 29 |
| Section 9.02 | Notice of Default; Opportunity to Cure.....                                         | 30 |
| Section 9.03 | Acceleration; Cure.....                                                             | 30 |
| Section 9.04 | Powers of Trustee.....                                                              | 30 |
| Section 9.05 | Powers of Bondholders .....                                                         | 31 |
| Section 9.06 | Limitations on Bondholders .....                                                    | 31 |
| Section 9.07 | Right of Purchaser to Act .....                                                     | 32 |
| Section 9.08 | Control of Proceedings Commenced by the Trustee and Commenced<br>By Purchaser ..... | 32 |
| Section 9.09 | Remedies not Exclusive .....                                                        | 32 |
| Section 9.10 | Delay or Omission of Trustee .....                                                  | 32 |
| Section 9.11 | Application of Moneys.....                                                          | 33 |
| Section 9.12 | Severability of Remedies.....                                                       | 33 |
| Section 9.13 | Limitation of Remedies and Rights.....                                              | 33 |
| Section 9.14 | Limited Indemnification Where Trustee Acts on Behalf of Purchaser .....             | 33 |

## **ARTICLE X CONCERNING THE TRUSTEE**

|               |                                               |    |
|---------------|-----------------------------------------------|----|
| Section 10.01 | Acceptance of Trust.....                      | 34 |
| Section 10.02 | Notice of Default to Bondholder .....         | 36 |
| Section 10.03 | Rights and Powers During Default.....         | 36 |
| Section 10.04 | Right to Rely Upon Documents .....            | 36 |
| Section 10.05 | Right to Own and Deal in Bonds.....           | 36 |
| Section 10.06 | Interest Upon Moneys Received .....           | 36 |
| Section 10.07 | Construction of Provisions of Indenture ..... | 36 |
| Section 10.08 | Co-Trustee .....                              | 36 |
| Section 10.09 | Resignation by Trustee .....                  | 37 |
| Section 10.10 | Removal of Trustee .....                      | 37 |
| Section 10.11 | Appointment of Successor Trustee.....         | 37 |
| Section 10.12 | Qualification of Successor Trustee.....       | 37 |
| Section 10.13 | Court Appointment of Successor Trustee.....   | 37 |
| Section 10.14 | Acceptance and Transfer of Trust .....        | 37 |
| Section 10.15 | Successor Trustee by Merger .....             | 38 |
| Section 10.16 | Trustee's Right to Make Advances.....         | 38 |
| Section 10.17 | Intervention by Trustee .....                 | 38 |
| Section 10.18 | Registration Under Securities Act, etc .....  | 38 |

## **ARTICLE XI EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS**

|               |                               |    |
|---------------|-------------------------------|----|
| Section 11.01 | Execution of Instruments..... | 38 |
|---------------|-------------------------------|----|

**ARTICLE XII**  
**SUPPLEMENTAL INDENTURES; MODIFICATION**  
**OF THE INDENTURE**

|               |                                                                |    |
|---------------|----------------------------------------------------------------|----|
| Section 12.01 | Supplemental Indentures Without Consent of Bondholders .....   | 39 |
| Section 12.02 | Modification of the Indenture with Consent of Bondholders..... | 39 |

**ARTICLE XIII**  
**MISCELLANEOUS**

|               |                                                       |    |
|---------------|-------------------------------------------------------|----|
| Section 13.01 | Sole Benefit of Parties and Bondholders.....          | 39 |
| Section 13.02 | Severability of Provisions .....                      | 40 |
| Section 13.03 | Notices .....                                         | 40 |
| Section 13.04 | Successors and Assigns .....                          | 41 |
| Section 13.05 | Counterparts .....                                    | 41 |
| Section 13.06 | Governing Law.....                                    | 41 |
| Section 13.07 | Payments Due on Saturdays, Sundays and Holidays ..... | 41 |
| Section 13.08 | No Liability on Issuer.....                           | 41 |
|               | SIGNATURES .....                                      | 42 |
|               | EXHIBIT A – SERIES 2015 A BOND FORM .....             | 43 |
|               | EXHIBIT B – SERIES 2015 B BOND FORM .....             | 52 |

**INDENTURE OF TRUST**

This INDENTURE OF TRUST (the "Indenture") dated as of October 28, 2015, by and between the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer" or "City"), and UNITED BANK, INC., as bond trustee (together with its successors hereunder, the "Trustee").

**WITNESSETH:**

WHEREAS, the Issuer owns in the City of Grafton, Taylor County, West Virginia, a critical access hospital known as "Grafton City Hospital" (such hospital, the site thereof, together with the buildings, improvements, fixtures, equipment and appurtenances thereto which are or were acquired or improved in part with the proceeds of the Bonds, the Prior Bonds or the Outstanding Obligations herein called the "Hospital") and has heretofore financed and refinanced the acquisition and construction of the Hospital and certain renovations, improvements and equipment therefore with several series of hospital revenue bonds, of which there are currently outstanding the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds");

WHEREAS, the Issuer has operated and continues to operate the Hospital through Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Board"), which is a West Virginia not for profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code;

WHEREAS, the Issuer has determined to: (i) undertake the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"), (ii) refund the Prior Bonds, (iii) refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. in the original principal amount of \$382,205.86 entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations") and (iv) pay existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"), and the Issuer has determined that such action will help to maintain or provide gainful employment and improve living conditions for the inhabitants of the City, will serve a public purpose of the Issuer by contributing to the prosperity, health and general welfare of the inhabitants of the City and will aid and assist in the provision of health care services in the community;

WHEREAS, pursuant to and in accordance with the provisions of Chapter 8, Article 16 (the "Revenue Bond Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act" and collectively with the Revenue Bond Act, the "Act"), the Issuer desires to issue

its Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture), in the aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and its Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture), in the aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Series 2015 Bonds") and has agreed to apply the net proceeds thereof to financing the costs of the Project, refunding the Prior Bonds, refinancing the Loan Obligation, paying the Federal Tax Obligations and paying costs of issuance of the Series 2015 Bonds and related costs;

WHEREAS, the current refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligations, the design, acquisition, construction and equipping of the Project, the issuance of the Bonds, the execution and delivery of this Indenture and matters relating thereto have been in all respects duly and validly authorized by the Amended and Restated Ordinance enacted by the Issuer on October 6, 2015 as the same has been supplemented pursuant to the Supplemental Resolution adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance"); and

WHEREAS, all Bonds issued under this Indenture will be secured by the trusts hereby created.

NOW, THEREFORE, the Issuer and the Board, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds issued hereunder and the performance and observance by the Issuer and the Board of all the covenants expressed herein and in such Bonds, do hereby irrevocably assign, grant, bargain, sell, convey, mortgage, pledge and grant a security interest in, to the Trustee, and to its successors in trust, as security for the performance of the obligations of the Issuer and the Board under this Indenture, the following (collectively, the "Trust Estate"): (a) the Net Revenues (as hereinafter defined), (b) all cash and securities held in the funds and accounts held in trust pursuant to this Indenture and (c) any and all additional property, assets and other security that may be granted by the Issuer or the Board to the Trustee from time to time for the purpose of further securing the repayment of the Bonds and the performance of the covenants herein contained to have and to hold, in trust upon the terms herein set forth, for the benefit, security and protection of all holders of such Bonds issued under and secured by this Indenture; and the parties hereto mutually covenant and agree, for the equal and proportionate benefit of the holders of such Bonds, as follows:

In addition to the foregoing Trust Estate, the Issuer and the Board hereby specifically recognize and reaffirm the effectiveness of the statutory mortgage lien upon the Hospital facilities created pursuant to Section 22 and other provisions of the Revenue Bond Act and the Deed of Trust on the Hospital facilities.

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal and redemption premium, if any, of such Bonds with interest, according to the provisions set forth in the Bonds and each of them or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby

granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release in respect of the trust estate as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer, its successors or assigns, all and singular the property, rights, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefore, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. In addition to the terms defined elsewhere herein, including the recitals hereto, and unless the context otherwise requires, the following terms shall have the following meanings:

"Act" means collectively, the Refunding Act and the Revenue Bond Act.

"Additional Bonds" means the additional parity bonds of the Issuer which may be issued pursuant to and subject to the restrictions set forth in Section 4.04 hereof.

"Architect" means the architect for the Project which has been engaged by the Board which shall be Thrasher Engineering, Inc., Bridgeport, West Virginia.

"Authorized Newspaper" means a newspaper of general circulation in the City and otherwise satisfying the requirements of applicable law.

"Board" means Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital.

"Bond" or "Bonds" means the Series 2015 Bonds together with any Additional Bonds issued from time to time hereunder.

"Bond Act" or "Revenue Bond Act" means Chapter 8, Article 16 of the West Virginia Code of 1931, as amended to the date hereof.

"Bond Commission" or "Commission" means the West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt bonds, and initially means Steptoe & Johnson PLLC, Bridgeport, West Virginia.

"Bondholder," "Holder," "Owner of Bonds," "Registered Owner" or any similar term means, initially, the Purchaser, and thereafter any other registered owner of any Bond or Bonds.

"Bond Register" means the books of the Issuer maintained by the Bond Registrar for the purpose of registering Bonds and the transfer of Bonds.

"Bond Registrar" or "Registrar" means the Trustee, or its successors as Bond Registrar.

"Bond 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 Bond Year shall begin on the Closing Date.

"Business Day" means a day other than a Saturday or Sunday and on which the principal corporate trust office of the Trustee is not required or authorized to remain closed and on which the New York Stock Exchange or the payment system of the Federal Reserve System is not closed.

"City" or "Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia, and where appropriate, includes the City Council and the Board.

"City Clerk" or "Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2015 Bonds for the initial advance of more than a de minimis amount of proceeds representing the purchase of Series 2015 Bonds by the Purchaser, or such other applicable meaning under the Code.

"Construction Fund" means the Construction Fund created pursuant to Section 5.01 of this Indenture.

"Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and any applicable Regulations and rulings thereunder. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision thereof.

"Costs" or "Project Costs" means all costs permitted to be financed under the provisions of the Act and incident to the design, acquisition, construction and equipping of the Project, all expenses incurred in connection with the issuance of the Bonds, including, but not limited to, compensation, fees and expenses of the Issuer, Registrar and Trustee, compensation to any financial consultants or underwriters, legal fees and expenses, costs of printing and engraving, recording and filing fees and costs of title insurance, if any, but only to the extent properly payable from the proceeds of the Bonds; any sums required to reimburse the Issuer for advances made by the Issuer for any of the above items or for any other costs incurred and for work done by the Issuer which are properly chargeable to the Project, and all other costs and expenses relating to the Project and properly payable from the proceeds of the Bonds.

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

"Debt Service Requirement" means, for any period of time, the aggregate of the payments to be made in respect of principal and interest on the Bonds during such period.

"Deed of Trust" means the Credit Line Deed of Trust by and between the Issuer and the trustee named therein for the benefit and security of the Purchaser in the repayment of the Series 2015 Bonds.

"Depository Bank" means Branch Banking and Trust Company, Grafton, West Virginia.

"Escrow Agent" means the Bond Commission, or any successor appointed by the Issuer under the Escrow Agreement.

"Escrow Agreement" means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and payment of the Prior Bonds, the Loan Obligation and the Federal Tax Obligations, the deposit therein of a portion of the proceeds of the Bonds, the disposition of moneys in the various funds and accounts for the Prior Bonds and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"Event of Default" means any of the events described as an Event of Default in Section 9.01 hereof.

"Federal Tax Obligations" means the existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities).

"Fiscal Year" means the twelve month period designated by the Issuer for financial reporting purposes, beginning on July 1 and ending on June 30 of each year, or such other 12-month period as may be determined in the future by the Issuer or pursuant to applicable law.

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), for the payment of which the full faith and credit of the United States of America is pledged.

"Gross Revenues" means all receipts, revenues, income and other moneys received by or on behalf of the Issuer or the Board as a result of the operation of, or relating to the Hospital, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles, or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Issuer or the Board relating to the Hospital; provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated or restricted at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Debt Service or not subject to pledge.

"Hospital" means the existing Grafton City Hospital, a critical access hospital, such hospital, the site thereof, together with the buildings, improvements, fixtures, equipment and appurtenances thereto which are or were acquired or improved in part with the proceeds of the Bonds, the Prior Bonds or the Loan Obligation, located in the City of Grafton, Taylor County, West Virginia, and presently owned by or through the City and operated by the Board.

"Indebtedness" means all obligations incurred or assumed by the Issuer or the Board or any other obligation for payment of principal and interest with respect to borrowed money in connection with the ownership or operation of the Hospital.

"Indenture" means this Indenture of Trust, as amended or supplemented from time to time.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including, but not limited to any or all of the following as applicable:

- (i) Purchaser's fees;
- (ii) Counsel fees, including Bond Counsel, Issuer's counsel, Board counsel, Purchaser's counsel, counsel for the Trustee, Registrar and Paying Agent and special tax counsel fees, as well as any other specialized counsel fees;
- (iii) Financial or municipal advisor fees;
- (iv) Rating agency fees;
- (v) Trustee fees;
- (vi) Trustee, Registrar, Paying Agent and certifying and authenticating agent fees related to issuance of the Bonds;
- (vii) Accountant fees;
- (viii) Printing costs of the Bonds and of any preliminary and final official statement;
- (ix) Publication costs associated with the financing proceedings; and
- (x) Costs of engineering and feasibility studies necessary to the issuance of the Bonds;

"Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State, and where appropriate, includes the Board.

"Issuer Representative" means the person or persons at the time designated to act on behalf of the Issuer in a written certificate furnished by the Issuer to the Trustee containing a specimen signature of such person or persons and signed by an officer of the Issuer.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated July 15, 2014, together with Amendment No. 1 to Letter of Conditions dated September 15, 2015, and all other amendments thereto, if any.

"Loan Obligation" means that certain Promissory Note, dated July 8, 2013 from the Board to JPMorgan Chase Bank, NA in the original aggregate principal amount of \$382,205.86.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" or "Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the Hospital, 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 of any project relating to the acquisition or construction of additions,

betterments or improvements for the Hospital), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Outstanding Obligations or the Bonds, 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.

"Opinion of Counsel" means an opinion of counsel (who may be Bond Counsel, counsel to the Issuer or counsel to the Board) satisfactory to the Trustee.

"Ordinance" means the amended and restated ordinance of the Issuer finally enacted October 6, 2015, as Supplemented by the Supplemental Resolution adopted by the Issuer on October 6, 2015, authorizing the execution and delivery of this Indenture, the design, acquisition, construction equipping and financing of the Project, the refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligation, the issuance of the Bonds and other matters in connection therewith.

"Outstanding," "Bonds outstanding" or any similar term, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, all Bonds which have been theretofore authenticated and delivered by the Trustee under this Indenture, except:

(A) Bonds canceled or required to be canceled by the Trustee at or prior to such date;

(B) Bonds for the full payment of the principal of, and interest on, which cash shall have been theretofore deposited with the Trustee and which (i) shall have been matured by their terms but shall not have been surrendered for payment or (ii) shall have been purchased by the Trustee but shall not have been presented for payment;

(C) Bonds in lieu of which others have been authenticated and delivered.

"Paying Agent" means the Bond Commission or its successors and assigns, and any co-paying agent appointed hereunder.

"Permitted Encumbrances" means, as of any particular time, (i) this Indenture, the Deed of Trust and the statutory mortgage lien securing the Bonds pursuant to the Revenue Bond Act; (ii) liens, security interests and encumbrances securing Permitted Indebtedness on a parity basis with the Bonds, to the extent permitted by this Indenture; (iii) liens, security interests or encumbrances by the terms thereof subject and subordinate to this Indenture; (iv) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially interfere with or materially impair the operation of the Hospital; (v) liens arising by reason of good faith deposits with or by the Issuer in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Issuer to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (vi) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Issuer to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance,

pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; (vii) any judgment lien or notice of pending action against the Issuer so long as such judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleadings has not lapsed; (viii) any lien representing statutory rights of the United States of America by reason of Federal funds made available under 42 U.S.C. §291 *et seq.* and similar rights under other Federal and state statutes; (ix) leases which relate to portions of the Hospital and which are customarily the subject of such leases, such as office space for physicians and educational institutions, food service facilities, gift shops, bank teller machines, and radiology, pharmacy and similar departments, or other leases entered into in accordance with the disposition of property provisions of this Indenture; (x) liens for taxes and assessments which are not then delinquent, or if then delinquent, which are being contested; (xi) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested; (xii) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Hospital and which do not materially adversely affect the value of, or materially impair, the Hospital, as evidenced by an Opinion of Counsel to the effect that such minor defect or irregularity does not materially adversely affect the value of, or materially impair, the Hospital; (xiii) zoning laws and similar restrictions which are not violated by the Hospital; (xiv) conditional sales agreements and leases entered into in connection with the incurrence or assumption of Permitted Indebtedness; and (xv) purchase money security interests created in Personal Property or equipment owned or to be owned or leased by the Issuer or the Board with respect to or in connection with the Hospital facility.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a limited liability company, a governmental body, and any other political subdivision, municipality or any other group or entity.

"Personal Property" means that property constituting a part of the Hospital other than real property.

"Prior Bonds" means the Issuer's Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000.

"Project" means the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility which are being financed with proceeds of the Series 2015 Bonds.

"Purchase Price," for the purpose of computation of the Yield of the Bonds shall have the meaning set forth in the Code.

"Purchaser" or "Government" means the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, and any successor thereof.

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

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 therefore; 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; and

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

"Redemption Date" means the date fixed for prepayment or redemption of any of the Bonds, the Prior Bonds or the Loan Obligation subject to prepayment or redemption in any notice of prepayment or redemption published or mailed in accordance herewith.

"Refunding Act" means Chapter 13, Article 2E, of the West Virginia Code of 1931, as amended to the date hereof.

"Registrar" or "Bond Registrar" means initially, the Trustee, or any other entity so designated as registrar for the Bonds from time to time by the Issuer.

"Regulations" means temporary and permanent regulations promulgated under the Code, which may be applicable from time to time.

"Reserve Account" means the Reserve Account created by Section 5.01 hereof.

"Reserve Requirement" means the amount of \$156,960 with respect to the Series 2015 A Bonds and the amount of \$34,008 with respect to the Series 2015 B Bonds.

"Revenue Bond Act" means Chapter 8, Article 16 of the West Virginia Code of 1931, as amended to the date hereof.

"Revenue Fund" means the Revenue Fund created by Section 5.01 hereof.

"Series 2015 Bonds" means, collectively, the Series 2015 A Bonds together with the Series 2015 B Bonds.

"Series 2015 A Bonds" means the Hospital Refunding and Improvement Revenue Bonds, Series 2015 A, issued by the Issuer pursuant to this Indenture in the aggregate principal amount of \$2,999,930.

"Series 2015 B Bonds" means the Hospital Refunding and Improvement Revenue Bonds, Series 2015 B, issued by the Issuer pursuant to this Indenture in the aggregate principal amount of \$650,000.

"State" means the State of West Virginia.

"Subordinated Indebtedness" means Indebtedness which is subordinated to payments with respect to principal, premium, if any, and interest on the Bonds by subordination provisions reasonably satisfactory to the Trustee.

"Supplemental Resolution" means any ordinance or resolution amendatory or supplemental to the Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth certain terms of the Bonds, authorizing the sale of the Bonds to the Purchaser, specifying the Outstanding Obligations to be refinanced and related matters; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Trustee" means United Bank, Inc., with a corporate trust office located in Charleston, West Virginia, and any successors thereto at any time serving as trustee or co-trustee under the Indenture.

Unless the context shall otherwise indicate, words importing the singular shall include the plural, words importing persons shall include firms, associations and corporations, and vice versa, words importing the masculine, feminine and neuter gender shall be deemed to include all such genders and the terms "hereof," "hereby," "hereto," "hereunder" and "herein" shall refer to this Indenture.

Section 1.02. Findings and Determinations. The Issuer hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia which owns the Hospital facility and operates and maintains the same through the Board.

B. The Project shall be designed, acquired, constructed and equipped at an estimated cost of approximately \$1,764,180 in accordance with the plans and specifications prepared therefore by the Architect.

C. The Prior Bonds, the Loan Obligation and the Federal Tax Liabilities shall be redeemed and repaid in full with a portion of the proceeds of the Bonds.

D. The Issuer shall issue the Series 2015 A Bonds in an aggregate principal amount of \$2,999,930 and the Series 2015 B Bonds in an aggregate principal amount of \$650,000 and apply the proceeds thereof to currently refund and redeem in full the Prior Bonds and the Loan Obligation, to pay the Federal Tax Liabilities and pay costs of the Project.

E. The Hospital shall be owned by or through the City and operated and maintained by the Board pursuant to the Charter of the City.

F. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions.

## ARTICLE II

### THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. Subject and pursuant to the provisions of this Indenture, the Bonds of the Issuer, to be known as "City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$2,999,930 and the Bonds of the Issuer to be known as "City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$650,000 for the purposes of (i) financing the current refunding and repayment in full of the Prior Bonds, (ii) financing the refinancing and repayment in full of the Loan Obligation, (iii) paying the Federal Tax Obligations, (iv) paying costs of the design, acquisition, construction and equipping of the Project and (v) paying costs of issuance of the Series 2015 Bonds. The aggregate principal amount of Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture shall not exceed \$3,649,930 without the consent of all of the Bondholders. At the expense of the Bondholder requesting such exchange, the Bonds may be exchanged for Bonds of like series of denominations of \$5,000 or integral multiples thereof.

Section 2.02. Issuance and Delivery of Bonds. The Series 2015 Bonds shall be issued in the aggregate principal amount of \$3,649,930. The Series 2015 Bonds shall be dated their date of delivery, shall be issued only as fully registered Bonds, shall bear interest at the rates per annum, shall have principal and interest installment payment dates and shall mature as follows:

(A) The Series 2015 A Bonds shall bear interest at the fixed annual percentage rate of 3.25% from the date of delivery of such Series 2015 A Bonds and continuing to and including October 28, 2045, which shall be the final maturity date of such Series 2015 A Bonds (the “Maturity Date”).

The Series 2015 B Bonds shall bear interest at the fixed annual percentage rate of 3.25% from the date of delivery of such Series 2015 B Bonds and continuing to and including October 28, 2045, which shall be the final maturity date of such Series 2015 B Bonds.

(B) Interest shall be computed on the basis of a year of 365 days payable for the actual number of days elapsed during any portion of a month.

(C) The principal amount of the Series 2015 A Bonds, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in equal amortizing monthly installments of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on the Maturity Date, except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the Bond form attached hereto as **Exhibit A**.

The principal amount of the Series 2015 B Bonds, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in equal amortizing monthly installments of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on the Maturity Date, except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The Series 2015 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the Bond form attached hereto as **Exhibit B**.

(D) The Issuer shall execute and the Trustee shall authenticate and deliver the Bonds, as may be directed by the Issuer, upon the filing with the Trustee of the following:

(i) Certified copies of the Ordinance of the Issuer authorizing the issuance of the Series 2015 Bonds and the execution and delivery of this Indenture;

(ii) An executed counterpart of this Indenture;

(iii) A request and authorization to the Trustee by the Issuer, signed by the Mayor and City Manager of the Issuer, to authenticate and deliver the Series 2015 Bonds to the Purchaser therein identified upon payment to the Depository Bank for deposit into the Construction Fund of the sum of \$1,779,800, for the account of the Issuer, which sum shall constitute the initial advance of the purchase price of the Series 2015 A Bonds together with the entire aggregate principal amount of the Series 2015 B Bonds;

(iv) An approving legal opinion of Bond Counsel; and

(v) Such other documents, resolutions or other materials as may be required by the Trustee or the Purchaser.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Mayor and City Manager and attested with the manual or facsimile signature of its City Clerk and shall have affixed, imprinted or otherwise reproduced thereon a facsimile of the corporate seal of the Issuer. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication. All Bonds shall have endorsed thereon a certificate of authentication and registration duly executed by the Trustee. No Bond shall be valid or entitled to any security or benefit under this Indenture unless and until such certificate of authentication and registration shall have been duly executed manually by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication and registration on any Bond shall be deemed to have been executed by it if signed by an authorized officer, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds. (A) The Series 2015 A Bonds and the Trustee's certificate of authentication and registration shall be substantially in the form set forth in **EXHIBIT A - BOND FORM**, attached hereto and incorporated herein by reference, with such variations, omissions and insertions as may be authorized by the Issuer, the execution and delivery of such Series 2015 A Bonds by the City Manager and Mayor of the Issuer being conclusive evidence of the approval of such variations, omissions and insertions by the Issuer. The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the attached Bond form.

(B) The Series 2015 B Bonds and the Trustee's certificate of authentication and registration shall be substantially in the form set forth in **EXHIBIT B - BOND FORM**, attached hereto and incorporated herein by reference, with such variations, omissions and insertions as may be authorized by the Issuer, the execution and delivery of such Series 2015 B Bonds by the City Manager and Mayor of the Issuer being conclusive evidence of the approval of such variations, omissions and insertions by the Issuer. The Series 2015 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the attached Bond form.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute, and the Trustee shall, with the consent of the Issuer, authenticate and deliver, in lieu of any such mutilated, lost, stolen or destroyed Bond, a new Bond of like tenor and denomination as the Bond mutilated, lost, stolen or destroyed. Provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and canceled, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence to its satisfaction of such loss, theft or destruction together with such security or indemnification as may be required by the Issuer, and the Trustee to save them and any Paying Agent harmless. In the event any such Bond shall have matured, the Trustee may, instead of issuing a substitute Bond, pay the same from amounts held in the Sinking Fund created with respect to such Bond and available for purposes of such payment. The Trustee may charge the holder or owner of such Bond with its reasonable fees and expenses in this connection.

Section 2.07. Bond Registrar. The Trustee shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe,

register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the United States of America, an individual (including joint ownership), a corporation, a limited liability company, 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, limited liability company 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 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America acting through the Rural Housing Service. So long as the Bonds shall be registered in the name of the United States of America acting through the Rural Housing Service, the address for registration purposes shall be 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 2.08. Paying Agent. The Commission is hereby appointed as Paying Agent for the Bonds.

Section 2.09. Transfer, Registration of Transfer and Exchange. Bonds shall be transferable only by transfer of registration upon the Bond Register, which shall be established and maintained by the Registrar on behalf of, and as agent of, the Issuer. After initial registration, no registration of transfer thereof shall be valid unless made on the Bond Register at the written request of the registered owner or his or its duly authorized attorney or legal representative and similarly noted on such Bond. Upon the transfer of registration of any Bond and the surrender of the old Bond, the Issuer shall issue a new bond to the transferee in the principal amount of such Bond then outstanding, otherwise subject to the terms, rate of interest, provisions for payment and other terms and conditions set forth herein. No interests in any Bond shall be transferable except by means of registration of transfer of a Bond representing such interest in accordance with this Section 2.09.

No registration of transfer of the Bonds shall be permitted to be made after the 15<sup>th</sup> day next preceding any installment payment date on the Bonds.

Section 2.10. Fees. For every exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith shall be paid by the Holder requesting such exchange or transfer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered owner of any Bond, as the absolute owner of such Bond for the purpose of receiving payment of principal thereof, and stated interest thereon, or on account thereof and for all other purposes whether or not such Bond is overdue.

Section 2.11. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and deliver, and the Trustee shall authenticate, subject to the same provisions, limitations and conditions set forth above, one or more printed, lithographed or typewritten bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in

definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Trustee and the Trustee shall authenticate and deliver, in exchange therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Trustee without making any charge therefore to the holder of such Bond in temporary form.

Section 2.12. Cancellation. All Bonds which have been redeemed and all registered Bonds which have been surrendered to the Trustee in an exchange or transfer shall be canceled and destroyed by the Trustee and shall not be reissued. Counterparts of the certificate of destruction shall be furnished by the Trustee to the Issuer.

Section 2.13. Limited Obligations. The Bonds shall be limited obligations of the Issuer. The Bonds shall be payable solely out of the Net Revenues derived from, or in connection with, the operation of the Hospital, certain funds on deposit with the Commission or the Depository Bank in connection with the Bonds from time to time as herein provided and the proceeds of any foreclosure sale under the Deed of Trust as herein provided. The Bonds shall never constitute an indebtedness of the State of West Virginia, the Issuer or the Board within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the State of West Virginia, the Issuer or the Board. Neither shall the Bonds be a charge against the general credit or taxing power, if any, of the State of West Virginia, the Issuer or the Board.

Section 2.14. Pledge of Net Revenues. The payment of the principal of and interest on the Bonds shall be secured equally and ratably with each other by a lien on and pledge of the Net Revenues of the Hospital. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds, all required payments to the Reserve Account for the Bonds, and all other costs and expenses in connection with the Bonds, including but not limited to all costs incurred in the exercise of remedies provided pursuant to this Indenture upon the occurrence of any Event of Default pursuant to this Indenture are hereby irrevocably pledged by the Issuer and the Board to such payments as they become due. Notwithstanding anything in this Indenture or otherwise to the contrary, all Gross Revenues shall first pass through or be deposited in an account over which the Issuer or the Board, as applicable, has sole dominion and control. In furtherance of the foregoing, except to the extent permitted by law, none of the receivables from Medicare or Medicaid are intended to be "assigned" to the Trustee or any Bondholders.

### ARTICLE III

#### AUTHORIZATION OF PROJECT; REFUNDING OF PRIOR BONDS; REFINANCING OF LOAN OBLIGATION; PAYMENT OF FEDERAL TAX OBLIGATIONS

Section 3.01. Authorization of Design, Acquisition, Construction and Equipping of the Project. There is hereby authorized the design, acquisition, construction and equipping of the Project at an estimated cost of approximately \$1,764,180 in accordance with the plans and specifications which have been prepared by the Architect and which are on file in the offices of the Board. The Board shall undertake the design, acquisition, construction and equipping of the Project and shall be the party to the construction contracts for such Project.

Section 3.02. Authorization of Refunding of Prior Bonds. All Prior Bonds Outstanding as of the date of issuance of the Bonds are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of revenues in favor of the Holders of such Prior Bonds imposed by the ordinance and Indenture of Trust pursuant to which the Prior Bonds were issued, the moneys in the funds and accounts thereunder and any other funds pledged thereto or liens created thereby are hereby ordered

terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 2015 Bonds, together with other moneys available therefore, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Prior Bonds and (b) an amount of money which will either remain uninvested or be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, to provide for the payment of the principal, premium and interest accrued on the Prior Bonds as of the redemption date therefore, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Bond proceeds into the Escrow Fund, the amounts on deposit in the reserve account, and all other funds and accounts created and maintained on behalf of the Prior Bonds shall be deposited in the Escrow Fund or such other fund or account as shall be set forth in the Escrow Agreement, and either held uninvested or be invested in Government Obligations as provided in the Escrow Agreement and this Indenture.

Section 3.03. Authorization of Refinancing of the Loan Obligation. The Loan Obligation as of the date of issuance of the Bonds is hereby ordered to be repaid in full pursuant to the terms of the Escrow Agreement, and the liens and pledges in favor of the holder of the Loan Obligation are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Bonds, together with other moneys available therefore, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Loan Obligation and (b) an amount of money which will either remain uninvested or be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, to provide for the payment of the principal, premium and interest accrued on the Loan Obligation as of the redemption date therefore, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Bond proceeds into the Escrow Fund, the amounts on deposit in any funds and accounts created and maintained on behalf of the Loan Obligation shall be deposited in the Escrow Fund or such other fund or account as shall be set forth in the Escrow Agreement, and either held uninvested or be invested in Government Obligations as provided in the Escrow Agreement and this Indenture.

Section 3.04. Authorization of Payment of Federal Tax Obligations. The Federal Tax Obligations as of the date of the issuance of the Bonds are hereby ordered to be paid in full pursuant to the terms of the Escrow Agreement, and the liens and pledges of the Internal Revenue Service are hereby ordered terminated, discharged and released upon the payment of the Federal Tax Obligations to the Internal Revenue Service from the proceeds of the Bonds.

Section 3.05. Authorization of Payment of Issuance Costs. There is hereby authorized to be paid from proceeds of the Bonds deposited into the Construction Fund held by the Depository Bank, the Issuance Costs.

#### ARTICLE IV

##### GENERAL COVENANTS AND PROVISIONS

Section 4.01. Payment of Bonds. The Issuer covenants that it will promptly pay or cause to be paid, but solely from the Net Revenues, the principal of and interest on every Bond issued under this Indenture on the date and in the manner provided herein and in said Bonds according to the true intent and meaning thereof.

Section 4.02. Performance of Covenants. The Issuer covenants that it will at all times comply with all provisions contained in this Indenture, in any Bond, and in all proceedings pertaining thereto. The Issuer warrants that it is duly authorized under the Constitution and laws of the State of

West Virginia, including particularly and without limitation, the Act, to issue and sell the Bonds authorized hereby and to execute and deliver this Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the holder thereof are and will be valid and enforceable special obligations of the Issuer.

Section 4.03. Inspection of Hospital Books. The Issuer by and through the Board will keep books and records of the Hospital, 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 Hospital and the Net Revenues of the Hospital and such books and records shall at all times be open to inspection by the Trustee and the Purchaser or such accountants, agencies or consultants as the Trustee or the holders of at least 25% of the outstanding Bonds may from time to time designate.

Section 4.04. Additional Bonds. At the request of the Issuer, Additional Bonds of the Issuer ranking on a parity with the Bonds may be issued under and secured by this Indenture, to the extent permitted by law then in effect, at any time and from time to time, to pay the cost of (a) additions, renovations and improvements to the Hospital, (b) restoring or repairing the Hospital following any condemnation thereof or damage thereto to the extent the net proceeds of any insurance or condemnation award are insufficient to pay same, (c) acquiring equipment or fixtures for the Hospital, (d) refunding all or part of the Bonds or other borrowings with respect to the Hospital, or (e) any combination of the foregoing, provided however, that Additional Bonds may not be issued unless, prior to issuance of such Additional Bonds, the Trustee has first received the written consent of all Bondholders to the issuance of such Additional Bonds.

Section 4.05. Permitted Indebtedness. Except as may be otherwise consented to in writing by 100% of the Bondholders, the Issuer and the Board will not incur, permit, guaranty or assume any indebtedness relating to the Hospital other than Indebtedness consisting of the following:

- A. Indebtedness existing or contracted for on or prior to the date of delivery of the Series 2015 Bonds;
- B. Liabilities under operating contracts and operating leases;
- C. Liabilities incurred by way of endorsement for collection or deposit of checks or drafts or commercial paper received by the Issuer or Board in the ordinary course of its operations;
- D. Indebtedness incurred to provide improvements secured solely by grants, gifts, bequests, contributions or other donations not in the nature of payment for services, or by property of the Issuer or the Board other than the Hospital, and that is specifically pledged by the Issuer or the Board for such purpose;
- E. Indebtedness to a bank or banks or other lending institution for borrowed money for working capital purposes, which shall be payable no more than 365 days from the date of such borrowing and which shall be unsecured except that such indebtedness may not exceed the principal sum of \$250,000 as of the date of the incurrence, which indebtedness may be secured solely by a security interest in and pledge of the accounts receivable derived from the operation of the Hospital or inventory, or such indebtedness may be secured solely by pledges, donations, gifts, grants, bequests or contributions;
- F. Indebtedness incurred or assumed to acquire or improve property (other than current assets) and for capitalized leases; provided, that at the time of issuance thereof and after giving effect thereto, the amount of such indebtedness which, when taken, plus the indebtedness permitted to be

incurred by subsection E above, shall not exceed 20% of the Gross Revenues in the aggregate as shown on or calculable from the audited financial statements of the Board for the latest completed Fiscal Year; or

G. Subordinated Indebtedness.

Section 4.06. Covenant on Maintenance of Hospital. The Issuer agrees that as long as any of the Bonds are Outstanding, it will keep the Hospital in good condition, repair and working order (ordinary wear and tear excepted), making all repairs and replacements thereto, and operate the Hospital in a sound and economical manner.

Section 4.07. Compliance with Laws. The Issuer shall, throughout the term of this Indenture, promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Hospital or to the repair and alteration thereof, or to the use or manner of use of the Hospital. Notwithstanding the foregoing, the Issuer shall have the right to contest the legality of any such law, ordinance, order, rule, regulation or requirement as applied to the Hospital, provided that such contest shall not in any way materially adversely affect or impair the rights or obligations of the Issuer under this Indenture or materially adversely affect or impair the security interest of the Trustee under this Indenture and the Issuer shall cooperate to the extent necessary with the Trustee in any such contest.

Section 4.08. Taxes and Assessments. Subject to good faith contests, the Issuer shall pay all lawfully assessed taxes and assessments, general and specific, if any, levied and assessed on the Hospital during the term, and all utility charges, assessments, and other governmental charges and impositions whatsoever, foreseen and unforeseen.

Section 4.09. Rate Covenant. The Issuer covenants that, during each Fiscal Year, it will, to the extent permitted by applicable law and regulations, charge rates, fees and charges for the provision of services by the Hospital sufficient, together with other available moneys, (i) to produce Net Revenues in an amount at least equal to 110% of the Debt Service Requirements for such Fiscal Year, and (ii) together with any other moneys that shall be available to the Issuer, to enable the Issuer to discharge the obligations relative to the Hospital as they shall become due and payable for such Fiscal Year. The Issuer covenants that, in the event that Net Revenues are less than the requirement set forth in this Section, the Issuer will employ a Consultant acceptable to the Trustee to examine the rates, fees and charges of the Issuer with respect to the Hospital facility and the method of operation of the Hospital and to make such recommendations as such Consultant believes appropriate to enable such rate covenant to be complied with as nearly as may be possible, and the Issuer further agrees to comply with such recommendations to the extent feasible.

The foregoing provisions notwithstanding, if in any Fiscal Year the Net Revenues are less than required by the rate covenant described above, the Trustee shall not be obligated to require the Issuer to retain such a Consultant to make such recommendations if: (a) there is filed with the Trustee a written report addressed to it of such a Consultant (which report, including without limitation, the scope, form, substance and other aspects thereof, is acceptable to the Trustee) which contains an opinion of such Consultant that applicable laws or regulations have prevented the Issuer from generating Net Revenues during such Fiscal Year in an amount sufficient to comply with such rate covenant and, if requested by the Trustee, such report is accompanied by a concurring opinion of counsel not regularly employed by the Issuer (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Trustee) as to any conclusions of law supporting the opinion of such Consultant; and (b) the ratio of Net Revenues during such Fiscal Year to such Debt Service Requirement (including Subordinated Indebtedness for this purpose) was at least 1:1. The Issuer shall not be required

to cause the Consultant's report referred to in this paragraph to be prepared more frequently than once every 2 Fiscal Years if at the end of the first of such 2 Fiscal Years the Issuer provides to the Trustee an opinion of counsel not regularly employed by the Issuer (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Trustee) to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

Section 4.10. Hazardous Waste. In addition to and without limitation of all other representations, warranties and covenants made by the Issuer hereunder, the Issuer further represents, warrants and covenants it has not used Hazardous Materials (as hereinafter defined) on, from, or affecting the Hospital in any manner which violates federal, state or local laws, ordinances, rules, or regulations, governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, in a manner that would create a material adverse effect on the Hospital, and that, to the best of the Issuer's knowledge, no prior owner of the Hospital or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Hospital in any manner which violates or did violate existing applicable federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except for violations that would not create a material adverse effect on the Hospital. Without limiting the foregoing, the Issuer shall not cause or permit the Hospital or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in substantial compliance with all applicable federal, state and local laws, ordinances, rules or regulations, nor shall the Issuer cause or permit, as a result of any intentional or unintentional act or omission on the part of the Issuer or any tenant or subtenant, an unremediated release of Hazardous Materials onto the Hospital or onto any other property that would create a material adverse effect on the Hospital. The Trustee is aware that the Issuer provides healthcare services which necessitate the use, generation, storage, handling and disposal of Hazardous Materials, including Hazardous Waste and medical waste. The Issuer shall substantially comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Issuer shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by a governmental authority under an applicable statute or regulation necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Hospital in accordance with all applicable federal, state and local laws, ordinances, rules, and regulations. In addition, the Issuer shall defend, indemnify, and hold harmless the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Hospital, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Hospital; and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to such Hazardous Materials, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For the purposes of this paragraph, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes or hazardous or toxic substances defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other applicable federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph

shall be in addition to any and all other obligations and liabilities the Issuer may have to the Trustee at common law, and shall survive the termination of this Indenture.

The indemnifications and protections set forth in this Section 4.10 shall be extended, with respect to the Issuer, to its members, directors, officers, employees, agents, officials and servants and persons under the Issuer's control or supervision, and with respect to the Trustee, to any of its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

Anything to the contrary in this Indenture notwithstanding, the covenants of the Issuer contained in this Section 4.10 shall remain in full force and effect after the termination of this Indenture until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) the payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer or the Trustee relating to the enforcement of the provisions herein specified.

Section 4.11. ERISA Covenant. The Issuer will not terminate any ERISA Plan in a manner which could result in the imposition of a lien on the property of the Issuer pursuant to Section 4068 of ERISA and it will notify the Trustee within 15 days after the happening of any "Reportable Event" with respect to any ERISA Plan, as such quoted term is defined in Section 4043 of ERISA, and, in any event, at least 5 days prior to any notification of such "Reportable Event" given to the Pension Benefit Guaranty Corporation pursuant to the terms of such Section 4043.

Section 4.12. Insurance Coverage and Terms. A. The Issuer hereby covenants and agrees that it will, as an expense of construction of the Project and the operation and maintenance of the Hospital, procure, carry and maintain, or cause to be procured, carried and maintained by the Board, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(1) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor and from the date of issuance with respect to the remaining Hospital facilities, on all above-ground structures of the Hospital and the machinery and 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 Hospital, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion or redemption of the Bonds. 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 design, acquisition, construction and equipping of the Project in the full insurable value. The Issuer agrees to list the Purchaser as a lien holder on such policies as "United States of America acting through the Rural Housing Service or its Successor Agency, 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505."

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

(3) Workers' Compensation Coverage for All Employees of the Issuer 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 Taylor 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.

(4) Medical Malpractice, in an amount not less than \$500,000 for one person and not less than \$1,000,000 for any aggregate amount of claims and, in addition, as is adequate in the judgment of the Issuer to protect the Issuer and the Hospital and its operations.

(5) Fidelity Bonds, will be provided as to every officer and employee having custody of any Net Revenues of the Hospital or of any revenues or other funds of the Hospital in an amount at least equal to one annual installment on the Bonds. During construction of the Project such fidelity bond coverage shall be in an amount at least equal to the maximum amount of funds to be under the control of such individual at any one time.

Notwithstanding the foregoing, the Issuer shall be permitted to make modifications to the foregoing liability insurance requirements and deductible amounts, including without limitation self-insurance and participation in mutual insurance arrangements, in accordance with any recommendations of an Independent Insurance Consultant. In making its decision to permit such modifications, the Independent Insurance Consultant shall consider the policies of insurance carried by hospitals of a size and character similar to the Hospital, the availability of insurance, the terms upon which insurance is available and the cost of available insurance; and the Independent Insurance Consultant shall also consider the effect of such terms and such rates upon the Hospital's costs and charges for its services. The Issuer shall pay any fees charged by such Independent Insurance Consultant and prior to the effective date of modification of insurance requirements shall give written notice to the Trustee as to the making and effective date of any modifications and shall furnish to the Trustee a copy of the report of the Independent Insurance Consultant relating thereto. If the Issuer does not agree with the recommendations of the Independent Insurance Consultant, it may, with the consent of the Trustee, employ another Independent Insurance Consultant to make the recommendations required by this Section.

If the Issuer shall decide to establish a self-insurance program, such program shall be acceptable to the West Virginia Department of Health and Human Services if required (or any successor Federal or state agency) in connection with the Medicare and Medicaid reimbursement programs or any other government program providing similar benefits. In addition, the Issuer shall file annually with the Trustee a report of an Independent Insurance Consultant setting forth his recommendations, if any, as to actions which are required in his opinion to assure that any such self-insurance program is funded and maintained in a manner which assures the actuarial soundness of the program. The Issuer shall take such action at the earliest practicable time to comply with the recommendations contained in such report.

B. The Issuer agrees that such insurance coverage shall be maintained with financially sound and reputable insurers, qualified to do business in the State and not objected to by the Trustee, and all such policies and the forms thereof shall be acceptable to the Trustee. These insurance requirements for the Hospital may be included under respective blanket insurance policies covering all operations of the Issuer. The insurance referred to in subparagraph A above shall name the Issuer and the Trustee as additional insureds as their respective interests may appear. The insurance referred to in subparagraph A(1) above shall provide that any losses payable thereunder in excess of \$100,000 with respect to the insurance referred to in subparagraph A(1) shall be payable to the Trustee. If the Issuer is the payee, or one of the payees, of any check or other instrument representing payment of any insurance proceeds referred to in subparagraph A(1) above and payable to the Trustee, as aforesaid, the Issuer will endorse the same to the order of the Trustee and deliver the same to the Trustee; and if the Issuer fails to do so, the Issuer hereby irrevocably authorizes any officer or employee of the Trustee to endorse and

deliver the same as the Issuer's attorney-in-fact. The policies for the insurance required by this Section 4.13 shall not, to the extent available, be cancellable without at least 30 days written notice to the Trustee. The Issuer covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery upon the aforesaid insurance policies.

C. All policies and certificates of insurance required hereby shall be open to inspection by the Trustee at all reasonable times. Certificates of insurance describing such policies shall be furnished by the Issuer to the Trustee at or prior to the delivery of the Bonds, and a complete list describing such policies and certificates as of January 1 of each year and, if any change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be immediately furnished to the Trustee by the Issuer. In the event that the Issuer fails to maintain any insurance as provided in this Section 4.12, the Trustee may (but shall be under no obligation to), upon such notice to the Issuer as is reasonable under the circumstances, procure and maintain such insurance, and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Issuer to the Trustee, which amounts, together with interest thereon at the interest on the Bonds, the Issuer agrees and covenants to pay and such payments and interest shall be considered to be additional indebtedness secured hereby and assigned to the Trustee under the Indenture.

Section 4.13. Insurance Proceeds. A. CASUALTY INSURANCE. Immediately after occurrence of loss or damage covered by insurance required under Section 4.12A(1) hereof, the Issuer shall immediately notify the Trustee of such event and shall remit such proceeds required to be paid to the Trustee to be held by the Trustee in an appropriately designated fund. Thereafter, the Issuer shall determine and advise the Trustee in writing, within 60 days of the occurrence of such loss or damage, whether it is practicable to repair, reconstruct or replace such damaged or destroyed property, and the estimated time required for such repair, reconstruction or replacement. The Issuer may apply the proceeds at its discretion either to the repair, reconstruction or replacement of such damaged property or to the prepayment of the Bonds in accordance with the terms hereof. In the event of an election by the Issuer not to repair, reconstruct or replace the damaged property, the Issuer will promptly (but in no event more than 60 days after such damage or destruction) inform the Trustee in writing of its decision to not rebuild and such proceeds shall be transferred to the Revenue Fund and the Bonds and the interest thereon shall become payable on the first payment date thereafter following receipt of such written notice and more than 60 days after such event. Notwithstanding any other provision in this Indenture or the Bonds, in the event that the Bonds or any part thereof are prepaid pursuant to this Section 4.13, no prepayment penalty shall be applicable and, notwithstanding the foregoing or any other provision in this Indenture to the contrary, in no event shall such proceeds be applied to the prepayment of Bonds unless the Bonds are then redeemable in accordance with the terms of this Indenture and the Bonds, including, without limitation, giving due regard to the time necessary for giving all notices of redemption thereunder. In the event that the Issuer elects to repair, reconstruct or replace the damaged property the Issuer shall promptly proceed to repair, reconstruct and replace such part of the Hospital to its original condition or a condition of at least equivalent value, immediately prior to such event, insofar as possible. The moneys required for such repair, reconstruction and replacement shall be paid from: (i) the net proceeds of insurance received by reason of such occurrence which net proceeds (after deducting any reasonable expenses incurred by the Issuer or the Trustee in collecting the same) shall be transferred to a renewal fund with the Trustee and disbursed in accordance with a requisition procedure established by the Trustee in its reasonable discretion; and (ii) to the extent such insurance proceeds are not sufficient, from moneys to be provided by the Issuer. Notwithstanding the foregoing or anything herein to the contrary, any amounts relating to such proceeds required to be rebated to the United States pursuant to Section 148(f) of the Code shall be paid in the time and manner required under the Code.

B. LIABILITY AND OTHER INSURANCE. The proceeds of all comprehensive general liability, owner's liability insurance, worker's compensation insurance and other insurance

required by Sections 4.12 and 4.13 hereof, which may be received by the Issuer shall be applied by the Issuer to the payment of any judgment, settlement or liability incurred for risks covered by such insurance, and such proceeds required to be payable to the Trustee shall be deposited in the Revenue Fund and if required by the Trustee, applied to the payment of principal and/or interest on the Bonds.

Section 4.14. City Acting Through Board. The City hereby covenants and agrees that so long as any of the Bonds are outstanding, the City will manage, administer, operate and maintain the Hospital solely through the Board and that the City will not interfere in any way with the Board in performance of its duties. It is expressly hereby represented by the City in the issuance of the Bonds that the Hospital will be free from political control and supervision so long as any of the Bonds are outstanding. All covenants hereof which require action by the City shall be deemed to mean that the City will act through the Board insofar as such action may lawfully be taken by the Board under the laws of the State.

Section 4.15. Additional Representations and Covenants. A. The estimated economic life of the Hospital is not less than 30 years.

B. The estimated revenues to be derived in each year after the date hereof from the operation of the Hospital shall be sufficient, upon refunding and defeasance of the Prior Bonds and the refinancing of the Loan Obligation, to provide for the repair, maintenance and operation of the Hospital, the payment of the principal of and interest on all Bonds issued hereunder and all payments into the Sinking Fund and the Reserve Account, as hereinafter provided, and to make all other payments provided for in this Indenture.

C. One of the purposes of issuing the Bonds for the purposes of refunding of the Prior Bonds, refinancing the Loan Obligation and paying the Federal Tax Obligations is to effect the release, termination or modification of liens, restrictions, covenants, conditions or limitations imposed by the Prior Bonds and the Loan Obligation.

D. It is in the best interest of the Issuer, and the residents thereof, that the Issuer issue the Bonds and secure the Bonds by a pledge and assignment of the Net Revenues derived from the operation of the Hospital, and all the moneys in the funds and accounts as further set forth herein.

E. All things necessary to make the Bonds, when authenticated by the Registrar and issued as in this Indenture provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Bonds, and to comply with the limitations imposed by the Bond Act and the Refunding Act upon the issuance of the Bonds have been timely met, done and duly performed.

F. The execution and issuance of the Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

## ARTICLE V

### FUNDS AND ACCOUNTS; REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Revenue Fund and Construction Fund. The Revenue Fund and Construction Fund are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other and the

funds on deposit therein from time to time are hereby pledged unto the Trustee in order to secure repayment of the Series 2015 Bonds.

Section 5.02. Establishment of Sinking Fund and Reserve Account. The Sinking Fund and Reserve Account therein are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other and all funds on deposit therein from time to time are hereby pledged and assigned to the Trustee as security for repayment of the Series 2015 Bonds.

Section 5.03. Bond Proceeds; Construction Fund. A portion of the proceeds of the sale of the Series 2015 Bonds in the amount of \$1,779,800 shall be deposited on the Closing Date upon receipt by the Issuer in the Construction Fund. Additional funds shall be deposited into the Construction Fund as need to pay the costs of the Project on a periodic basis as such funds are requisitioned from time to time by the Issuer from the Purchaser and disbursed by the Purchaser upon completion of such inspections and the receipt of such documents as shall be satisfactory to the Purchaser. The moneys in the Construction Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Construction Fund shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Construction Fund shall be used solely to pay the cost of design, acquisition, construction and equipping of the Project, to currently refund the Prior Bonds, to refinance the Loan Obligation and to pay the Issuance Costs of the Bonds upon vouchers and other documentation approved by the Purchaser.

The Board shall undertake and carry out the design, acquisition, construction and equipping of the Project. Until completion of design, acquisition, construction and equipping of the Project, the Issuer will additionally transfer from the Construction Fund 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 Bonds if there are not sufficient Revenues to make such monthly payment.

Pending application as provided in this Section 5.03, money and funds in the Construction Fund shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 5.04. Revenues; Flow of Funds. A. Notwithstanding anything in this Indenture to the contrary, the entire Gross Revenues derived from the operation of the Hospital shall, upon receipt by the Issuer or Board, as applicable, be deposited into, or otherwise be paid directly into, a deposit account in the name of the Issuer or Board, as applicable, which deposit account, including, without limitation, the funds held therein, shall be under the sole dominion and control of the Issuer or the Board, as the case may be, and in which the Issuer and the Board shall grant no pledge, assignment or other security interest. The Issuer or the Board, as applicable, will provide a standing revocable sweep directive to the bank in which such account is maintained to transfer, each Business Day, the funds in such account to the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer or the Board and the Depository Bank. Subject to the provisions of this Indenture, all Gross Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on or before the 1<sup>st</sup> day of each month, transfer from the Revenue Fund and pay to the Commission for deposit in the Sinking Fund, the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of the Bond issue.

(3) The Issuer shall next, on each date that payment is made as set forth in Section 5.04(A)(2) above, transfer from the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120<sup>th</sup> of the Reserve Requirement, provided that, no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. After the Reserve Requirement has been accumulated in the Reserve Account, the Issuer 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, or payments with respect to, the Bonds, as shall be required to maintain the Reserve Requirement in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the Series 2015 Bonds as the same shall become due or for prepayment of installments on the Series 2015 Bonds, or for mandatory prepayment of the Series 2015 Bonds as hereinafter provided, and for no other purpose.

(4) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not required to be retained therein may be used for any lawful purpose of the Hospital.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Series 2015 Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2015 Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 Bonds as the same shall become due. Moneys in the Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 Bonds as the same shall come due, when moneys in the Sinking Fund are insufficient therefore, and for no other purpose.

In the event that moneys in the Reserve Account are disbursed in order to make any scheduled payment of principal of or interest on the Series 2015 Bonds, or any portion thereof, such moneys shall be restored by the Issuer within a period of not more than 12 months.

As and when Additional Bonds ranking on a parity with the Series 2015 Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the principal of and interest on such Additional Bonds as and when the same become due.

The Issuer shall not be required to make any further payments into the Sinking Fund or the Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate

principal amount of the Series 2015 Bonds issued pursuant to this Indenture then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Reserve Account 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.

Moneys in the Sinking Fund and in the Reserve Account shall be invested and reinvested by the Commission as provided herein and in accordance with Section 7.01 hereof.

Subject to the provisions of this Indenture, all the funds provided for in this Article V shall be used only for the purposes and in the order provided herein, and until so used, the Trustee shall have a lien thereon for further securing payment of the Series 2015 Bonds and the interest thereon, but the Depository Bank and the Commission shall not be a trustee as to such funds.

The Commission shall keep the moneys in the 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 Indenture 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 part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Account, so long as the Reserve Requirement is on deposit and maintained therein, shall be paid annually in January by the Commission to the Issuer for deposit by the Issuer into the Revenue Fund.

B. 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 Issuer determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Issuer will cause notice of the change to be sent by registered or certified mail to the Trustee and the Purchaser.

C. CHARGES AND FEES. 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 sums as shall be necessary to pay their respective charges, fees and expenses then due.

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

E. DEFICIENCIES. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the fund and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be

made pursuant to this Section 5.04, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

F. 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 and shall be accompanied by appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Indenture.

G. GROSS REVENUES. The Gross Revenues of the Hospital shall only be used for purposes of the Hospital.

Section 5.05. Disbursements from Sinking Fund. The Commission shall disburse funds on deposit in the Sinking Fund, on or before the 15<sup>th</sup> day of each month, by check, or such other means of payment as shall be mutually agreed upon by the Commission and the Purchaser, to the local finance office of the Purchaser located at Randolph Center Building, 1200 Harrison Avenue, Suite 150, Elkins, West Virginia 26241 (the "Local Finance Office"). The Local Finance Office of the Purchaser shall thereupon disburse such funds as promptly as may be feasible in the circumstances to the Purchaser, or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may hereafter designate in writing to the Commission and the Issuer.

Section 5.06. Repayment to Hospital Upon Payment of Bonds. Any amounts remaining in any fund or account created hereunder after payment in full of the principal and redemption premium, if any, of and interest on the Series 2015 Bonds, and the reasonable fees, charges and expenses of the Trustee, the Registrar, the Paying Agent and the Depository Bank incurred in connection with the Series 2015 Bonds, shall be paid to the Hospital for use by the Hospital for any lawful purpose of the Hospital.

## ARTICLE VI

### APPLICATION OF PROCEEDS OF BONDS

Section 6.01. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2015 Bonds, the Issuer shall forthwith deposit a portion of the proceeds thereof on the Closing Date in the amount of \$955,857.87 with the Commission for deposit into the Escrow Fund created pursuant to the Escrow Agreement and shall deposit a portion of the proceeds of the Bonds on the Closing Date in the amount of \$846,165.32 with the Depository Bank for deposit into the Construction Fund established pursuant to Section 5.01 of this Indenture. Following such deposits, the Commission and the Depository Bank shall apply such funds as follows:

A. The Commission shall apply all Series 2015 Bond proceeds and other funds deposited into the Escrow Fund in the manner and otherwise as provided for in the Escrow Agreement, and in particular as follows:

\$647,555.30 to the current refunding and defeasance of the Prior Bonds;

\$336,079.88 to the repayment and refinancing of the Loan Obligation; and

\$2,262.36 to the payment of the fees of the Commission

B. Series 2015 Bond proceeds in the amount of \$848,427.68 which have been deposited into the Construction Fund on the Closing Date shall be applied to the payment of costs of the Project, the

payment of the Federal Tax Obligations and the payment of Issuance Costs, to such payees and in such amounts as set forth in a closing memorandum to be delivered on the Closing Date. The remaining available proceeds of the Series 2015 Bonds in the amount of \$1,870,130 shall be advanced from time to time by the Purchaser upon the approval by the Purchaser of periodic requisitions and supporting invoices or other documentation as shall be acceptable by the Purchaser and upon the completion of any necessary inspections as may be required by the regulations or practices of the Purchaser and thereupon deposited into the Construction Fund for application to the payment of the costs of the Project which have been approved for payment by the Purchaser. Any proceeds of the Series 2015 Bonds which remain on deposit in the Construction Fund upon the completion of the Project and any available portion of the par amount of the Series 2015 Bonds which remains unadvanced following the completion of the Project shall be applied in accordance with the regulations and practices of the Purchaser.

## ARTICLE VII

### INVESTMENTS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Indenture, 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 Indenture, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

The Depository Bank and the Commission shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often if reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and for a period of 5 years thereafter.

## ARTICLE VIII

### SATISFACTION AND DISCHARGE

Section 8.01. Satisfaction and Discharge. All rights and obligations of the Issuer under this Indenture shall terminate, and this Indenture shall cease to be of further effect, and the Trustee, Depository Bank and Commission shall assign and deliver to the Issuer any moneys and investments held

hereunder (except moneys or investments held by the Commission for the payment of principal of and interest on the Bonds when due or called for redemption) at such time that:

(A) All reasonable fees, expenses and costs of the Trustee, Depository Bank, Registrar and the Commission shall have been paid;

(B) The Issuer shall have performed all of its agreements in this Indenture; and

(C) All principal of and interest on the Bonds shall have been paid as provided for herein or in the Bonds either upon the maturity thereof or upon prepayment as provided for in the Bonds together with all other costs, charges and expenses which are due and payable in connection with the Bonds as provided herein or in the Bonds; and

Notwithstanding any discharge of this Indenture, the Trustee shall enforce, on its own behalf and on behalf of the Bondholders, by appropriate action, any rights arising hereunder.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following shall be an "Event of Default" hereunder:

(a) Failure to make a payment of principal of or interest on any Bond as the same becomes due and payable;

(b) Failure by the Issuer to perform any of its covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture other than as specified in (a) above, and such failure shall continue for the period and after the notice specified in Section 9.02 hereof.

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

(d) If the Issuer defaults in the due and punctual performance of any covenant set forth in the Loan Resolution (RUS Bulletin 1780-27) adopted by the Issuer on \_\_\_\_\_, 2014 in connection with the Series 2015 A Bonds and the Loan Resolution adopted by the Issuer on September 8, 2015 in connection with the Series 2015 B Bonds and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Issuer by Purchaser; provided that if any such default cannot be cured within thirty (30) days the period shall be extended for such period as is reasonable to cure the same with due diligence if the Issuer commences the cure within thirty (30) days and proceeds diligently.

Section 9.02. Notice of Default; Opportunity to Cure. No default under Sections 9.01(b) or (d) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Issuer by the Trustee or by holders of not less than 25% in aggregate principal amounts of all Bonds Outstanding and until the Issuer shall have had 30 days after receipt of such notice to correct such default, and shall not have corrected it.

The Issuer hereby grants the Board full authority for the account of the Issuer to perform any covenant or obligation alleged to constitute a default in any notice given pursuant to this Section 9.02 in the name of the Issuer and with full power of substitution.

In the event that any payment referred to in Section 9.01(a) is not timely made, the Trustee shall immediately notify the Issuer by the fastest means of communication reasonably available that such payment has not been made and shall confirm such notice in writing, but failure to so notify will not toll any period or waive any Event of Default.

Section 9.03. Acceleration; Cure. If any Event of Default under subparagraph (a) of Section 9.01 occurs, the entire principal amount of the Bonds then Outstanding shall become due and payable without notice or demand. Should any Event of Default other than one described in the preceding sentence occur and be continuing, then the Trustee may, and, upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing delivered to the Issuer and the Board, declare the principal of all Bonds then Outstanding to be due and payable immediately. Upon such declaration, the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything in this Indenture or in the Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of the Bonds shall have been so declared to be due and payable, all arrears of principal and interest upon the Bonds, and all other sums payable under this Indenture (except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable), shall have been paid by or on behalf of the Issuer, and the Issuer also shall have performed all other things in respect of which it may have been in default hereunder, and shall have paid the reasonable charges of the Trustee, its counsel and the holders of the Bonds, including reasonable attorneys' fees paid or incurred, then and in every such case, the holders of not less than a majority in aggregate principal amount of each series of Bonds then outstanding may, by written notice to the Issuer, the Board and to the Trustee, waive such default and rescind and annul such declaration and its consequences, and such waiver shall be binding upon the Trustee and upon all holders of Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Section 9.04. Powers of Trustee. If any Event of Default occurs and is continuing, the Trustee in its discretion may, and, upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and upon receipt of indemnity to its satisfaction, shall, take any or all of the following actions:

- (a) Enforce each and every right of the Trustee under this Indenture or otherwise;
- (b) By mandamus or other proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to comply with the provisions of this Indenture and to require the Issuer or the Board to carry out any other agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act;
- (c) Bring suit upon the Bonds;
- (d) By a proceeding in equity require the Issuer or the Board to account as if it were the trustee of an express trust for the Bondholders;

(e) By a proceeding in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(f) Seek the appointment of a receiver for the Hospital facilities by a court of appropriate jurisdiction for the operation of such Hospital facilities by such receiver and the collection of the rents, revenues, issues, earnings, income and products of such Hospital facilities, with such powers as the court making such appointment shall direct.

The Trustee may maintain any proceeding without the possession of any of the Bonds or the production thereof in connection with said proceeding.

If any proceeding taken by the Trustee on account of any Event of Default is discontinued or abandoned for any reason, or determined adversely to the Trustee, then and in every case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05. Powers of Bondholders. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder.

Section 9.06. Limitations on Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless:

(a) Such holder previously shall have given to the Trustee written notice of an Event of Default;

(b) The holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name;

(c) There shall have been offered to the Trustee, security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(d) The Trustee shall have refused or neglected to comply with such request within a reasonable time.

Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder; it being understood and intended that no Bondholder shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of all holders of Outstanding Bonds affected thereby,

subject to the provisions of this Indenture. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to institute suit for the enforcement of payment of the principal of and interest on such Bond when due and payable in accordance with its terms, upon redemption or otherwise.

Section 9.07. Right of Purchaser to Act. Notwithstanding anything set forth in this Indenture to the contrary, so long as the Purchaser is the Holder of the Bonds, the Purchaser may institute a suit, action or proceedings in equity or at law, in state or federal court, for the execution of any trust under this Indenture or for any other remedy hereunder using applicable state or federal law. Specifically, Purchaser shall not be obligated to first request the Trustee to act on behalf of Purchaser and may proceed directly against the Issuer, provided it is understood and intended that Purchaser shall not have any right to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture, except in the manner provided therein, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture. Any recovery shall be for the benefit of all Holders of Outstanding Bonds on a parity basis. The Trustee shall not be answerable for the exercise by Purchaser of its powers set forth in this Section, except only its own misconduct or gross negligence. Where Purchaser institutes an action pursuant to this Section, the Trustee is empowered to receive moneys from such proceeding and to disburse such funds in accordance with the terms of this Indenture (as supplemented and/or amended from time to time), including for the payment of moneys due to the Trustee under this Indenture (as supplemented and/or amended from time to time) and for the benefit of all Holders on a parity basis.

Section 9.08. Control of Proceedings Commenced by the Trustee and Commenced by Purchaser. Notwithstanding anything in this Indenture to the contrary, until such time as the Purchaser shall have notified the Trustee of its election to have the Trustee enforce Purchaser's rights under this Indenture, and Trustee shall have accepted such election, the provisions of (i) Sections 9.04 and 9.06 requiring the Trustee to act and (ii) Sections 9.05 and 9.06 permitting Bondholders to act, in all such cases, on the written request of the Registered Owners of not less than twenty-five percent (25%) of principal amount of the Bonds then Outstanding hereunder, shall mean the Registered Owners excluding the Purchaser of not less than twenty-five percent (25%) of the principal amount of the Bonds then Outstanding hereunder excluding the principal amount of any Bonds then Outstanding held by the Purchaser. Where Purchaser has commenced an action pursuant to the terms of Section 9.07 above, Purchaser shall control such action in accordance with such Section 9.07.

Section 9.09. Remedies not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.10. Delay or Omission of Trustee. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.11. Application of Moneys. Any moneys received by the Trustee while an Event of Default is continuing and any available moneys held in the Sinking Fund, Reserve Account or otherwise, after first being applied to the payment of the reasonable fees and expenses of the Trustee shall be applied in the following order:

(A) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment to the persons entitled thereto of all installments of principal and interest then due on the Bonds, in the order of maturity of the installments of such principal and interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds, without preference or priority, according to the amounts due respectively for principal and interest, to the persons entitled thereto.

(C) To the extent of the surplus, if any, to the Issuer or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied pursuant to this Section 9.11, the Trustee shall fix the date (which shall be a payment date on the Bonds unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amount of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 9.12. Severability of Remedies. It is the purpose and intention of this Article IX to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but, should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture.

Section 9.13. Limitation on Remedies and Rights. The Trustee and the Bondholders expressly acknowledge and agree that the grant and exercise of all rights and remedies are subject to laws applicable to health care providers, including, without limitation, laws protecting the confidentiality of patient information, and that in connection with the exercise of any rights or remedies, it may be necessary to obtain approval of, consents, determinations, exceptions or certifications from, third parties, including without limitation, commercial and governmental payers and health care regulatory authorities and agencies.

Section 9.14. Limited Indemnification Where Trustee Acts on Behalf of Purchaser. Should Purchaser elect to have the Trustee enforce Purchaser's rights under this Indenture, Purchaser's obligation to indemnify the Trustee against the liabilities associated with a request for enforcement of remedies shall be limited to the extent permitted by law, provided however, the Trustee shall not be required to institute an action on Purchaser's behalf unless indemnification is provided to the Trustee in accordance with the terms of this Indenture.

## ARTICLE X

### CONCERNING THE TRUSTEE

Section 10.01. Acceptance of Trust. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts in accordance with the provisions set forth in this Indenture, but only upon and subject to the following express terms and conditions:

A. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any non-negligent action or non-action in reliance upon such opinion or advice.

B. The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or the Board hereunder, except as hereinafter set forth, but the Trustee may require of the Issuer or the Board full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of such property. The Trustee shall have no obligation to perform any of the duties of the Issuer under this Indenture. The Trustee shall not be responsible for reviewing any financial information of the Board which it receives pursuant to this Indenture. Except during the continuance of an Event of Default, the Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

C. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

D. The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefore or in place thereof.

E. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by its Mayor, City Manager or any certificate signed by the Board's President or Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Subsection G of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Clerk of the Issuer under its seal to the effect that a resolution

or ordinance in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted, and is in full force and effect.

F. The permissive right of the Trustee (indicated by the word "may" and not by the word "shall") to take actions under this Indenture shall not be construed as a duty and the Trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the performance of such duties, the Trustee shall be answerable only for its gross negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise, as an ordinarily prudent man would exercise or use under the circumstances in the conduct of his own affairs.

G. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least 25% in aggregate principal amount of Bonds then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

H. The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real or tangible personal property as in this Indenture provided.

I. At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto as may be desired.

J. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

K. Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

L. Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful default of the Trustee by reason of any action so taken.

M. All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 10.02. Notice of Default to Bondholder. Within 30 days after the occurrence of any Event of Default (or event which would with the passage of time or giving of notice or both be an Event of Default) hereunder of which the Trustee has actual knowledge or has, or is deemed to have, notice, the Trustee shall, unless such event or Event of Default shall no longer subsist, mail notice thereof to all Bondholders; provided, however, that such notice need not be given if the Trustee determines that to give such notice is not in the best interests of the holders of Bonds of all series.

For purposes of this Section 10.02, the Trustee shall not be deemed to have actual knowledge of any Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

Section 10.03. Rights and Powers During Default. Subject to its responsibility to act upon the direction of Bondholders hereunder, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 10.04. Right to Rely Upon Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the trust and accuracy of such statements.

Section 10.05. Right to Own and Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take, with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Board and may act as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not Trustee hereunder.

Section 10.06. Interest Upon Moneys Received. The Trustee shall not be under any liability for interest on any moneys received under any of the provisions of this Indenture, except such as may be agreed upon between the Trustee and the Issuer. All interest allowed on any such moneys shall be credited as provided in Article VII hereof with respect to interest on investments.

Section 10.07. Construction of Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof.

Section 10.08. Co-Trustee. The Trustee, with the approval of the Issuer, may appoint an additional individual institution as a separate or co-trustee. If the Trustee appoints a separate or co-trustee, each power or right vested in the Trustee hereunder shall be exercisable by and vest in such separate or co-trustee to exercise such powers or rights, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Section 10.09. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice to the Issuer and the Board and by registered or certified mail to each registered owner of Bonds then Outstanding, and such resignation

shall take effect upon the appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

Section 10.10. Removal of Trustee. The Trustee or any Trustee hereafter appointed hereunder may be removed at any time by an instrument in writing appointing a successor Trustee, filed with the Trustee so removed, the Issuer and the Board and executed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

Section 10.11. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by its Mayor or City Manager and attested by its City Clerk under its seal shall forthwith appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Section 10.12. Qualification of Successor Trustee. Every successor Trustee appointed pursuant to any of the foregoing provisions which is not a governmental entity or representative of such governmental entity shall be a trust company or a national bank or state bank with trust powers in good standing and, if there be such a trust company or national or state bank willing and able to accept the trust on reasonable and customary terms, shall have a reported capital and surplus of not less than \$10,000,000.

Section 10.13. Court Appointment of Successor Trustee. In case at any time the Trustee or any Trustee hereafter appointed shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within 3 months after a resignation by the Trustee, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 10.14. Acceptance and Transfer of Trust. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the Board an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the trust estate and the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the trust estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.15. Successor Trustee by Merger. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.16. Trustee's Right to Make Advances. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal or interest on the Bonds, the Trustee may, in its discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do, and no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.17. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, and shall intervene if it is requested in writing by the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding and if provided indemnity pursuant to Section 9.06 hereof. The rights and obligations of the Trustee under this Section 10.17 are subject to the approval of a court of competent jurisdiction. Notwithstanding anything herein to the contrary, the Trustee shall not be liable for its actions except as a result of its gross negligence or willful misconduct.

Section 10.18. Registration Under Securities Act, etc. In the event that the Bonds become subject to registration under the Securities Act of 1933 or the West Virginia Uniform Securities Act, or the Indenture becomes subject to qualification under the Trust Indenture Act of 1939, upon receipt of an opinion of Bond Counsel to such effect, the Trustee and the Issuer will take all actions necessary and will cooperate with the Issuer and Bond Counsel to accomplish such registration or qualification.

## ARTICLE XI

### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 11.01. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. The fact and the date of the execution by any person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgment or by an affidavit of a witness to such execution.

Nothing contained in this Article XI shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request, consent or other action of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee, the Issuer or the Board in pursuance thereof.

## ARTICLE XII

### SUPPLEMENTAL INDENTURES; MODIFICATION OF THE INDENTURE

Section 12.01. Supplemental Indentures Without Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall be consistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;
- (d) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new trustee hereunder;
- (e) To make any other change in this Indenture which, in the judgment of the Trustee in reliance upon an Opinion of Counsel, does not materially adversely affect the rights of the holders of any Bonds; or
- (f) To comply with the provisions of the Trust Indenture Act of 1939, as amended.

Section 12.02. Modification of the Indenture with Consent of Bondholders. From time to time the holders of not less than 60% in aggregate principal amount of the Outstanding Bonds materially adversely affected by any waiver under, or modification or alteration of, this Indenture may, by an instrument or instruments in writing signed by such holders and filed with the Trustee, assent to and authorize any such waiver, modification or alteration that shall be proposed by the Issuer and consented to by the Trustee; and any action herein authorized to be taken, with the assent or authority given as aforesaid shall be binding upon the holders of all the Bonds hereby secured and upon the Trustee as fully as though such action were specifically and expressly authorized by the terms of this Indenture; provided that, without the consent of the holders of all Bonds affected thereby, no such waiver, modification or alteration shall permit (a) the reduction of the portion of the Bonds the consent of the holders of which is required for any waiver, modification or alteration of this Indenture, (b) the extension of the time or times of payment of the principal of and interest on the Bonds, whether at maturity, upon redemption, or otherwise, or (c) the reduction in the principal amount thereof or in the rate of interest or the amount of any premium thereon or any change in the currency for payment thereof.

## ARTICLE XIII

### MISCELLANEOUS

Section 13.01. Sole Benefit of Parties and Bondholders. Except as herein otherwise provided with respect to the Board, nothing in this Indenture expressed or implied is intended or shall be

construed to confer upon any person, firm or corporation other than the parties hereto and the holders of the Bonds any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the parties hereto and the holders of the Bonds.

Section 13.02. Severability of Provisions. In case any one or more of the provisions of this Indenture or of the Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 13.03. Notices. All communications hereunder shall be in writing and, unless otherwise required under this Indenture, shall be deemed sufficiently given or made if delivered personally to the person who is to receive the same or if mailed to such person by first class mail, registered or certified, return receipt requested, postage prepaid, by deposit thereof in a United States Post Office, or branch thereof, within the United States of America addressed:

If to the Issuer:

City of Grafton  
1 West Main Street  
Grafton, West Virginia 26354  
Attention: City Manager

If to the Board:

Grafton City Hospital, Inc.  
1 Hospital Plaza  
Grafton, West Virginia 26354  
Attention: Administrator

If to the Trustee:

United Bank, Inc.  
500 Virginia Street East  
Charleston, WV 26301  
Attention: Corporate Trust Department

If to Purchaser:

United States Department of Agriculture  
National Finance Office  
St. Louis, Missouri 63103

If to the Commission:

West Virginia Municipal Bond Commission  
900 Pennsylvania Avenue, Suite 1117  
Charleston, West Virginia 25301  
Attention: Executive Director

The Trustee, the Issuer, the Board, the Purchaser and the Commission may, by notice given hereunder, designate any further or different addresses to which subsequent communications shall be sent.

Section 13.04. Successors and Assigns. None of the covenants, promises and agreements made in this Indenture by or on behalf of the Issuer or the Trustee shall be assignable by either of them except as expressly provided herein; but insofar as assignable or otherwise transferable this Indenture shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 13.05. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all such counterparts shall together constitute but one and the same instrument.

Section 13.06. Governing Law. Except as otherwise specifically provided herein, this Indenture and all Bonds issued hereunder have been or will be executed and delivered under the laws of the State of West Virginia, and such laws shall govern the construction of this Indenture and of all such Bonds.

Section 13.07. Payments Due on Saturdays, Sundays and Holidays. In any case where the date for any payment on or with respect to the Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the domicile of the Trustee are authorized by law to close, then payment shall be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close.

Section 13.08. No Liability on Issuer. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Indenture, the Issuer has not obligated itself except with respect to the Revenues, as herein above provided. No officer or member of the Issuer shall be personally liable on this Indenture or on any Bonds, nor shall the issuance of the Bonds under this Indenture be considered a misfeasance in office.

THE BENEFICIARY OF THIS INDENTURE OF TRUST AT THE TIME OF EXECUTION AND DELIVERY, AS THE PURCHASER OF THE BONDS, IS AS FOLLOWS:

United States of America Acting Through the Rural Housing Service  
United States Department of Agriculture- Rural Development  
West Virginia State Office  
1550 Earl Core Road, Suite 101  
Morgantown, West Virginia 26505

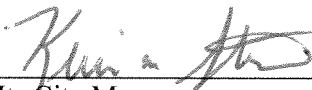
[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

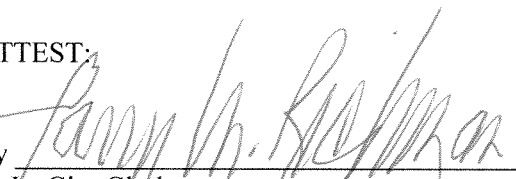
CITY OF GRAFTON

[SEAL]

By   
Its Mayor

By   
Its City Manager

ATTEST:

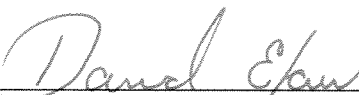
By   
Its City Clerk

UNITED BANK, INC.,  
as Trustee

By \_\_\_\_\_  
Its: \_\_\_\_\_

ACCEPTED AND AGREED TO BY:

GRAFTON CITY HOSPITAL, INC., as or its board as  
the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital

By   
David Efaw, Vice-President

By   
Patrick D. Shaw, Administrator/Chief Executive Officer

APPROVED AND CORRECT AS TO FORM:

By   
Shawn Nines, City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

CITY OF GRAFTON

[SEAL]

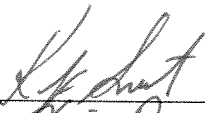
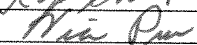
By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

UNITED BANK, INC.,  
as Trustee

By   
Its: 

ACCEPTED AND AGREED TO BY:

GRAFTON CITY HOSPITAL, INC., as or its board as  
the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital

By \_\_\_\_\_  
David Efaw, Vice-President

By \_\_\_\_\_  
Patrick D. Shaw, Administrator/Chief Executive Officer

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A – SERIES 2015 A BOND FORM

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$2,999,930

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Two Million Nine Hundred Ninety Nine Thousand Nine Hundred Thirty and 00/100 Dollars (\$2,999,930), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$2,999,930, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 B (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 B BONDS" AND

TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$650,000.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part,

together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

# EXHIBIT A

## RECORD OF ADVANCES

| <u>AMOUNT</u>   | <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> |
|-----------------|-------------|---------------|-------------|
| (1) \$1,129,800 | 10/28/2015  | (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 \$ \_\_\_\_\_

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 A Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

Dated this October 28, 2015.

UNITED BANK, INC., as Registrar

By \_\_\_\_\_  
Its: \_\_\_\_\_

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

| <u>Date of Registration</u> | <u>In Whose<br/>Name Registered</u> | <u>Signature of Registrar</u> |
|-----------------------------|-------------------------------------|-------------------------------|
| <u>October 28, 2015</u>     | <u>United States of America</u>     | _____                         |
| _____                       | _____                               | _____                         |
| _____                       | _____                               | _____                         |

EXHIBIT B – SERIES 2015 B BOND FORM

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$650,000

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Six Hundred Fifty Thousand and 00/100 Dollars (\$650,000), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$650,000, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 A BONDS" AND

TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,999,930.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part,

together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

## EXHIBIT A

RECORD OF ADVANCES

| <u>AMOUNT</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> |
|---------------|-------------|---------------|-------------|
| (1) \$650,000 | 10/28/2015  | (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 \$650,000

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 B Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

Dated this October 28, 2015.

UNITED BANK, INC., as Registrar

By \_\_\_\_\_  
Its: \_\_\_\_\_

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

| <u>Date of Registration</u> | <u>In Whose<br/>Name Registered</u> | <u>Signature of Registrar</u> |
|-----------------------------|-------------------------------------|-------------------------------|
| <u>October 28, 2015</u>     | <u>United States of America</u>     | _____                         |
| _____                       | _____                               | _____                         |
| _____                       | _____                               | _____                         |

Georgianna Thompson  
TAYLOR County 02:27:22 PM  
Instrument No 2015017986  
Date Recorded 10/28/2015  
Document Type DT  
Pages Recorded 12  
Book-Page 339-122  
Recording Fee \$18.00  
NOTARIAL FEE \$0.00

**A CREDIT LINE DEED OF TRUST**

"THIS INSTRUMENT SECURES AN OBLIGATION THAT MAY INCREASE AND DECREASE FROM TIME TO TIME"

"THIS INSTRUMENT CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS"

"THIS CREDIT LINE DEED OF TRUST IS FILED FOR RECORD IN THE REAL ESTATE RECORDS AS A FIXTURE FILING PURSUANT TO WEST VIRGINIA CODE SECTION 46-9-502"

**A CREDIT LINE DEED OF TRUST AND FIXTURE FILING**

THIS CREDIT LINE DEED OF TRUST AND FIXTURE FILING (the "Deed of Trust"), dated as of October 26, 2015, by and between the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia, whose address is 1 West Main Street, Grafton, West Virginia 26354, hereinafter called the "Grantor," and ROBERT D. LEWIS, a resident of Clay County, West Virginia, whose address is 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505, hereinafter called the "Trustee" for the benefit and security of the UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL HOUSING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (the "Purchaser") in the repayment of the Bonds (hereinafter defined).

WITNESSETH: That for and in consideration of the indebtedness and trusts hereinafter set forth and the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor does hereby grant and convey unto Trustee:

(A) All that certain real estate more particularly set forth and described in EXHIBIT A, attached hereto and made a part hereof, together with all buildings, improvements, fixtures and appurtenances now or hereafter situate thereon and together with the rights, privileges, easements, hereditaments, improvements and appurtenances thereunto belonging or appertaining (the "Premises");

(B) All of the right, title and interest of the Grantor in any and all buildings, improvements and fixtures of every kind, and all machinery, equipment and property owned by Grantor which are or shall be attached to, or be deemed to be fixtures and a part of, the Premises, and together also with all equipment, materials, supplies and other property of every kind or nature whatsoever, and wheresoever located, now or hereafter owned by Grantor or in which it has or shall have an interest, to be affixed to buildings or other improvements on the Premises or appurtenances thereto, and all easements and rights-of-way (collectively, the "Fixtures"), all of which, together with the Premises shall secure the indebtedness herein described and covered by this Deed of Trust and is sometimes herein referred to collectively as the "Secured Property."

TO HAVE AND TO HOLD the Secured Property unto the Trustee and its successors in trust forever; and the Grantor does hereby covenant to and with Trustee, its successors and assigns, that the Grantor will warrant generally the Secured Property hereby conveyed; that the Grantor has the right to grant and convey the Secured Property to Trustee; that the same is free from any and all liens and encumbrances other than Permitted Encumbrances as defined in the Indenture of Trust with respect to the Bonds (the "Indenture"), by and between the Grantor and United Bank, Inc., as bond trustee (the "Bond

Trustee”) and agreed to by Grafton City Hospital, Inc. (the “Board”); that Trustee shall have quiet possession thereof and that the Grantor will execute and deliver such other and further assurances of the Secured Property as may be requisite, including, but not limited to, the execution and delivery of financing statements, continuation statements and such other instruments as Trustee may require to impose the lien and security interest hereof more specifically upon any item or items of property, or rights or interests therein, covered by this Deed of Trust, and will do such other and further reasonable acts as Trustee may require to carry out more effectually the purposes of this Deed of Trust.

IN TRUST NEVERTHELESS to secure the repayment of the Grantor’s Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated October 28, 2015, issued in the original aggregate principal amount of \$2,999,930 (the “Series 2015 A Bonds”) and the Grantor’s Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture), dated October 28, 2015, issued in the original aggregate principal amount of \$650,000 (the “Series 2015 B Bonds” and collectively with the Series 2015 A Bonds, the “Bonds”) payable to the Purchaser and to secure the obligations of Grantor under the Indenture, which sum of \$3,649,930 is the maximum amount of present and future advances secured by this Deed of Trust, which shall be advanced as provided under the terms of the Indenture and the Bonds. Each advance is secured by this Deed of Trust. This Deed of Trust also secures any and all replacements, extensions, modifications, supplements and/or renewals of the Bonds and the Indenture, or any part thereof, however changed in form, manner or amount, and all other indebtedness of the Grantor to Purchaser, at any time and from time to time arising hereunder or under the Indenture or the Bonds, and any and all replacements, extensions, modifications and/or renewals of any other indebtedness (all of which indebtedness, together with the interest thereon, is sometimes hereinafter collectively referred to as the “Secured Debt”).

THE INDEBTEDNESS SECURED HEREBY PROVIDES FOR OBLIGATORY FUTURE ADVANCES PURSUANT TO THE TERMS OF THE INDENTURE AND THE BONDS NOT TO EXCEED THE AFORESAID MAXIMUM PRINCIPAL INDEBTEDNESS OF \$3,649,930. ALL NOTICES OF LIENS OR CLAIMS AGAINST THE SECURED PROPERTY COVERED HEREBY SHALL BE SENT TO THE PURCHASER, AS THE PRIMARY LIENHOLDER, AT THE ADDRESS SET FORTH IN PARAGRAPH 10 HEREOF.

The Grantor, for and in the consideration aforesaid, covenants, represents, warrants and agrees as follows:

1. That it will, so long as the Secured Debt, or any part thereof, remains unpaid: (a) pay as and when due and payable (or assure that the Board pays) all taxes, assessments, impositions and other governmental charges, fines and fees, without limitation, that may be levied or assessed against the Secured Property or any part thereof, including the buildings and improvements now situate on the Premises, or that may hereafter be erected thereon, and any improvements and additions made therein or thereto from time to time, all as provided in the Indenture and subject to the terms thereof; (b) have and keep (or ensure that the Board has and keeps) the buildings and improvements now situate on the Premises or that may hereafter be erected thereon, and all other insurable property covered by this Deed of Trust, constantly insured against loss or damage by fire and such other casualties, contingencies and hazards as set forth in the Indenture and subject to the terms thereof; (c) keep and maintain (or ensure that the Board keeps and maintains) the Secured Property in good condition and repair and not abandon the same, or any part thereof, as provided in the Indenture and subject to the terms thereof, nor commit or permit the commission of waste on or in the Secured Property, or any part thereof, or permit any building or improvement to be removed, destroyed, demolished or structurally altered in whole or in part except as permitted by the Indenture, and the Grantor shall comply with all leases and subleases of any part of the Secured Property, and shall, as provided in the Indenture and subject to the terms thereof, comply and

cause all occupants of the Secured Property or those in possession thereof to comply, with all laws, ordinances, orders, rules, regulations and requirements relating to the use or maintenance of the Secured Property and with all requirements, directions and orders and notices of violations thereof issued by any governmental agency, body or officer; (d) permit Trustee and Purchaser, or their agents, to enter and inspect the Secured Property at all reasonable times; (e) pay to Trustee or Purchaser, upon demand, any and all sums of money, including, without limitation, all costs, expenses and reasonable attorneys' fees, which Trustee or Purchaser may incur or expend in any action or proceeding that may concern the Secured Property, or any part thereof or interest therein, including, without limitation, any eminent domain proceeding, or any action or proceeding to sustain the lien of this Deed of Trust, or its priority, or in defending any party thereto, or any party secured hereby, against the liens, demands or claims of title of any person, firm or corporation, asserting priority over this Deed of Trust, or asserting title adverse to the title under which Trustee holds, or in the discharge of any such liens, demands or claims, or in connection with any action to foreclose this Deed of Trust, or to recover any indebtedness secured hereby or any other payments made on behalf of the Grantor pursuant to the Indenture or the Bonds.

The obligation secured by this Deed of Trust is in the maximum aggregate principal amount of \$3,649,930, plus interest thereon and taxes, insurance premiums and other obligations due under the Indenture, derived from the issuance by the Grantor of its \$2,999,930 principal amount of the Series 2015 A Bonds and its \$650,000 principal amount of Series 2015 B Bonds, the proceeds of which will be used for the purposes of financing a portion of the costs of the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project") the current refunding and repayment in full of the Grantor's outstanding Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"), the repayment and refinancing of a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"), and the payment of existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations") and paying costs of issuance of the Bonds and related costs. The Bonds will be payable solely from the revenues of the Hospital facility, the trust estate provided pursuant to the Indenture, a statutory mortgage lien upon the assets of the Hospital facility described in the Indenture pursuant to Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (the "Revenue Bond Act") and any foreclosure proceeds realized pursuant to this Deed of Trust. The Indenture is hereby incorporated into and made a part of this Deed of Trust as if set forth in full herein. The Bonds are issued on a parity as to lien on, source of and security for payment and in all respects as to one another.

2. In the event the Grantor fails (a) to make any payment required, or fails to comply with, perform or carry out any of the provisions of paragraphs 1 or 2 hereof, or (b) to perform any of the terms, covenants or agreements by the Grantor to be performed under the Indenture or is otherwise in default under the Indenture or the Bonds, then, and in any such event, Trustee shall have the right, without notice to or demand upon the Grantor or any other person, to make any such payment, take any such action or do any such thing as, in the exercise of Trustee's discretion, may be determined to be reasonably necessary to protect the lien and security hereof as fully and completely as if the Grantor made each and every such payment when due, and kept, complied with, performed and carried out the provisions of said paragraphs 1 and 2. Without limiting the generality of the foregoing, Trustee may, in any such event, (i) obtain the required insurance covering the Secured Property and pay the premiums thereon or pay any unpaid premiums on any insurance procured by the Grantor; (ii) pay said taxes, assessments, impositions and other governmental charges, fines and fees, together with any penalties and interest accrued thereon, and redeem the Secured Property from a tax sale if it has been sold, and shall be subrogated to the lien of the governmental body to which such payment was made; (iii) make and pay for any and all repairs which

Trustee deems necessary to place or keep the Secured Property in good condition and repair; (iv) stop or mitigate waste on or in the Secured Property or any part thereof; (v) stop or prevent the removal, destruction, demolition or structural alteration of any building or improvement on the Secured Property; (vi) stop or prevent the violation of any law, ordinance, rule or regulation relating to the use or maintenance of the Secured Property or of any requirement, direction or order or notice of violation thereof issued by any governmental agency, body or officer; (vii) pay all or any part of any sum or sums of money that may be due or payable under the provisions of subparagraph (e) of paragraph 1 hereof; and (viii) pay all or any part of the leasehold payments due and payable under any leases or subleases of any of the Secured Property; and the Grantor hereby promises to pay to Trustee, upon demand, any and all sums of money paid out or expended by Trustee for any of the purposes set out in this paragraph 2, together with interest thereon from the date of payment at the rate provided in the Indenture or in the Bonds, and agrees that any sum or sums of money so paid by Trustee shall thereupon be and become a part of the Secured Debt, including, without limitation, those moneys expended on behalf of the Grantor pursuant to the Indenture, and shall be collectible as such, all without waiver of any right arising from the breach of or default in the performance of any warranty, covenant, condition, provision or agreement herein contained or contained in the Indenture, including, without limitation, the right to enter and take possession of the Secured Property, and rent and manage the same, and the right to foreclose this Deed of Trust; but nothing herein contained shall be construed as imposing any duty or obligation upon Trustee to pay any such sum or sums of money herein authorized to be paid, or to take any other action authorized hereunder.

3. Upon the occurrence of an Event of Default as defined in the Indenture or default by the Grantor in any of its covenants hereunder (hereinafter collectively called an "Event of Default"), the Secured Debt shall at the option of the Purchaser immediately become due and payable without notice to or demand on the Grantor or any other person.

4. If any one or more Events of Default shall occur and be continuing, any one or more of the following rights and remedies shall exist, any two or more of which may be exercised concurrently, and subject to general principles of equity and judicial discretion which may be applicable in appropriate circumstances:

(A) Without notice to or demand on the Grantor or any other person, Trustee may forthwith: (i) enter into and upon all of the Secured Property, or any part or portion thereof, either in person or by agent, and take possession of the Secured Property, or any part or portion thereof, without process of law, and without liability to the Grantor or other owner or owners of the Secured Property, and manage and rent the same, collect and receive the rents, issues and profits thereof (past due, due or to become due) and apply the same to the payment of the Secured Debt, after first deducting the costs and expenses incurred in managing the Secured Property and in collecting said rents, issues and profits (including, without limitation, reasonable compensation for managing the same and collecting and disbursing said rents, issues and profits accruing therefrom), and after deducting such further amount or amounts as may be necessary to pay or reimburse Trustee for any sum or sums of money paid by them, or any of them, under the provisions hereof, together with interest at the rate provided in the Indenture or in the Bonds to the date of payment; or (ii) have a receiver appointed by any court having jurisdiction to take charge of the Secured Property, or any part or portion thereof, and collect, receive and apply the rents, issues and profits thereof. In either case, any person or persons in possession of the Secured Property, or any part or portion thereof, shall be deemed a tenant at will and shall at once surrender such possession on demand of Trustee or a receiver. It is understood and agreed by and between the parties hereto that nothing herein contained shall be construed as a substitute for, or in derogation of, the right to

foreclose this Deed of Trust or as imposing any duty or obligation upon the Trustee to take charge of the Secured Property, or any part or portion thereof, to collect said rents, issues or profit or to have a receiver appointed for such purposes.

(B) Without notice to or demand on the Grantor or any other person, Trustee may at its option declare the Secured Debt to be immediately due and payable and upon the exercise of said option the Secured Debt may be collected by proper action, foreclosure of this Deed of Trust, or any other legal or equitable proceeding.

(C) At any time after the exercise by Trustee of the option to declare the Secured Debt to be immediately due and payable, Trustee may foreclose upon and sell the Secured Property, or any part or portion thereof, at one or more successive sales, as an entirety or otherwise, as the Trustee may deem expedient, to satisfy the Secured Debt at public auction or auctions at the front door of the courthouse of the county in which the Secured Property is situate, upon such payment terms as shall be deemed satisfactory to the Trustee, after first giving legally sufficient notice each of such sale by publishing such notice in a qualified newspaper of general circulation published in the county wherein the Secured Property is located or otherwise as provided by law, once a week for 2 successive weeks preceding the day of sale. Notwithstanding anything herein to the contrary, a copy of such notice shall be served on the Grantor, by certified mail, return receipt requested, directed to the address shown by the Grantor in paragraph 9 hereof or such other address given to the Trustee in writing by the Grantor subsequent to the execution and delivery hereof and shall be served by certified mail, at least 20 days prior to the sale, upon any subordinate lienholder who has previously notified the Purchaser, as primary lienholder, by certified mail, at the address or addresses set forth in paragraph 9 hereof, of the existence of a subordinate lien, directed to the address of the subordinate lienholder as provided by the subordinate lienholder in the notice of existence of a subordinate lien. Any other notice or notices required or permitted by law to be given to the Grantor and/or any others in connection with such sale or sales and not properly waived shall be given to the Grantor and/or any others as provided by applicable law at the address or addresses, if applicable, set forth in paragraph 9 hereof and as otherwise provided by applicable law. In lieu of or in addition to the foregoing, the Trustee may give notice of the time, terms and place of such sale or sales in accordance with the laws in effect on the date of commencement of such foreclosure proceedings or as may otherwise be allowed by law. Out of the proceeds of such sale, Trustee shall pay, first, the actual costs and expenses of executing this trust, including any additional commission permitted by law to Trustee, or to the one so acting, as their commission hereunder; second to Trustee and/or Purchaser all moneys which it may have paid for taxes, assessments, impositions or other governmental charges, fines or fees, insurance, repairs, court costs, and all other costs and expenses incurred or paid under the provisions of this Deed of Trust, including, without limitation, reasonable attorneys' fees and legal expenses incurred by Trustee or Purchaser in disposing of said properties, together with interest thereon at the rate provided in the Indenture or in the Bonds from the date of payment; third to the Purchaser, its successors or assigns, the full amount due and unpaid on the Secured Debt and all other indebtedness hereby secured, together with all interest accrued thereon to date of payment; fourth to any subordinate lienholders who may be entitled to proceeds realized pursuant to the foreclosure sale; and fifth, the balance, if any, to the Grantor, its successors or assigns, upon delivery of and surrender to the purchaser or purchasers of possession of the Secured Property less the expense, if any, of obtaining such possession, or such other parties as their interests may appear.

(D) In addition to the rights, remedies and powers hereinabove set forth, Trustee shall have as to the Secured Property and any and all other fixtures covered by this Deed of Trust, all rights, remedies and powers of a secured party under the Uniform Commercial Code of West Virginia, as the same may now be in effect or hereafter amended (the "Code").

5. As to any of such Secured Property as may constitute fixtures subject to the Code, this instrument shall constitute a security agreement, and the Grantor does hereby grant a security interest therein to the Purchaser. This instrument is to be filed for record in the real estate records of Harrison County, West Virginia, so as to serve as a fixture filing pursuant to Code § 46-9-502, and is given to finance a "construction mortgage" within the meaning of Code § 46-9-334(h).

Notwithstanding the release of any Secured Property that is deemed real property or any proceedings to have released this Deed of Trust and Security Agreement or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby until the repayment or satisfaction in full of the obligation of the Grantor under the Indenture and the Bonds. Nothing herein shall preclude Trustee from proceeding as to both real and personal property in accordance with the Trustee's rights and remedies in respect of property as provided in Article 9 of the Code.

6. The Grantor hereby waives personal service of notice of any sale made hereunder, but not any notice by mailing as prescribed in paragraph 4(C) hereof, upon it, its successors or assigns, and also waives the posting of notice of sale at the courthouse, and agrees that any sale made hereunder may be adjourned from time to time without notice other than oral proclamation of such adjournment at the time and place of sale, or at the time and place of any adjourned sale.

7. In the event that foreclosure proceedings are instituted hereunder but are not completed, Trustee shall be reimbursed for all costs and expenses incurred by them in commencing such proceedings, and, in addition, shall be entitled to, and paid, as a commission, reasonable compensation therefor; and all costs and expenses so incurred by Trustee, and such commission, together with interest thereon until paid at the rate of interest provided in the Bonds, shall be payable by the Grantor on demand, and shall be and become a part of the Secured Debt and shall be collectible as such.

8. It is hereby expressly covenanted and agreed by all parties hereto that Trustee may, at any time and from time to time hereafter, without notice and with or without cause, appoint and substitute another Trustee or Trustees, corporations or persons, in place of the Trustee herein named to execute the trust herein created. Upon such appointment, either with or without a conveyance to said substituted Trustee or Trustees by the Trustee herein named, or by any substituted Trustee in case the said right of appointment is exercised more than once, the new and substituted Trustee or Trustees in each instance shall be vested with all the rights, titles, interests, powers, duties and trusts in the premises which are vested in and conferred upon the Trustee herein named; and such new and substituted Trustee or Trustees shall be considered the successors and assigns of the Trustee who is named herein within the meaning of this instrument, and substituted in its place and stead. Each such appointment and substitution shall be evidenced by an instrument in writing which shall recite the parties to, and the book and page of record of, this Deed of Trust, and the description of the Premises, which instrument, executed and acknowledged by the Grantor and recorded in the office of the Clerk of The County Commission of Harrison County, West Virginia, shall be conclusive proof of the proper substitution and appointment of such successor Trustee or Trustees, and notice of such proper substitution and appointment to all parties in interest.

9. Any notice required or permitted to be given under this Deed of Trust shall, except to the extent expressly otherwise required or provided herein and except as otherwise required by applicable law, be effective upon the deposit of such notice, in writing, in the regular United States mail, certified, return receipt requested, postage paid, addressed to the party or parties to receive such notice at the following addresses or at such other address as any such party may give the other parties in the manner for giving notice herein prescribed:

TO GRANTOR:

City of Grafton  
1 West Main Street  
Grafton, West Virginia 26354  
Attention: City Manager

TO THE BOARD:

Grafton City Hospital, Inc.  
1 Hospital Plaza  
Grafton, West Virginia 26354  
Attention: Chairman

TO TRUSTEE:

Robert D. Lewis, State Director  
United States Department of Agriculture, Rural Development  
West Virginia State Office  
1550 Earl Core Road, Suite 101  
Morgantown, WV 26505

TO PURCHASER:

United States Department of Agriculture  
Rural Development  
Attn: State Director  
1550 Earl Core Road, Suite 101  
Morgantown, West Virginia 26505

The address of the Purchaser set forth above shall be the address to which notice of the existence of a subordinate lien shall be mailed to the primary lienholder as hereinbefore set forth.

10. All rights and remedies herein contained shall be cumulative and not exclusive. No failure or delay of Trustee to exercise any option, right or power herein contained shall constitute a waiver of any right, power or privilege herein given or granted to Trustee, or an acquiescence therein, and a waiver by Trustee of the right to exercise any option, right or power as to any breach or default shall not constitute a waiver of the right to exercise the same option, right or power, or any other option, right or power herein contained, as to another or any continuing or subsequent breach or default.

Neither the Grantor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Deed of Trust shall be relieved of such obligation by reason of the failure of Trustee to comply with any request of the Purchaser or of any other person so obligated to take action to foreclose on this Deed of Trust or otherwise enforce any provision of this Deed of Trust or the Indenture by reason of the release regardless of consideration of all or any part of the security held for the indebtedness secured by this Deed of Trust or by reason of any agreement or stipulation between any subsequent owner of the Secured Property and the Grantor extending the time of payment or

modifying the terms of this Deed of Trust, and the Grantor and all such other persons shall continue to be liable to make payments according to the terms of any such agreement.

11. If all or any part of the Secured Property or an interest therein is sold or transferred by the Grantor (except as may be permitted by the Indenture) without the prior written consent of the Purchaser, the Trustee may at the direction of the Purchaser, declare all sums secured by this Deed of Trust to be immediately due and payable.

12. It is further understood and agreed between the parties hereto that if any term or provision of this Deed of Trust or of the Indenture or the Bonds hereby secured shall contravene or be in conflict with any law of the State of West Virginia or any other applicable law or regulation, such term or provision is amended and modified to conform with such law.

13. It is further understood and agreed by and between the parties hereto that all of the representations, covenants, conditions, agreements, warranties and provisions of said parties herein contained shall extend to and bind the Grantor, its successors and assigns, and shall inure to the benefit of Trustee and Purchaser, and their successors and assigns.

14. Unless the context shall otherwise indicate, words importing the singular shall include the plural, words importing persons shall include firms, associations and corporations, and vice versa, words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, and the terms "hereof," "hereby," "hereunder" and "herein" shall refer to this Deed of Trust.

15. This Deed of Trust may be executed in any number of counterparts, each of which shall be an original and constitute but one and the same.

THE BENEFICIARY OF THIS DEED OF TRUST AT THE TIME OF DELIVERY HEREOF,  
AS THE PURCHASER OF THE BONDS, IS AS FOLLOWS:

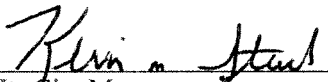
United States of America  
Rural Housing Service  
United States Department of Agriculture  
1550 Earl Core Road, Suite 101  
Morgantown, West Virginia 26505

WITNESS the following signatures of the authorized officers of the Grantor:

CITY OF GRAFTON

[SEAL]

By   
Its Mayor

By   
Its City Manager

ATTEST:

By   
Its City Clerk

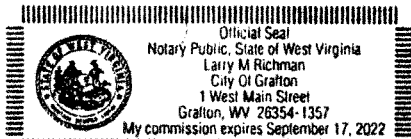
The foregoing instrument was prepared by Thomas L. Aman Jr. of Steptoe & Johnson PLLC, 400 White Oaks Boulevard, Bridgeport, West Virginia, 26330.

STATE OF WEST VIRGINIA,  
COUNTY OF TAYLOR, TO WIT:

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of October, 2015, by G. Thomas Bartlett, Mayor of the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia, on behalf of such municipal corporation and political subdivision.

My commission expires: SEPTEMBER 17, 2022.

[NOTARIAL SEAL]



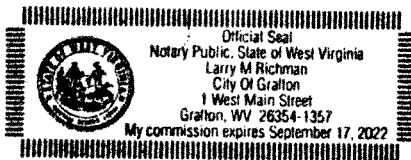
STATE OF WEST VIRGINIA,  
COUNTY OF TAYLOR, TO WIT:

*Larry M. Richman*  
\_\_\_\_\_  
Notary Public

The foregoing instrument was acknowledged before me this ~~28<sup>th</sup>~~<sup>26<sup>th</sup></sup> day of October, 2015, by Kevin M. Stead, City Manager of the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia, on behalf of such municipal corporation and political subdivision.

My commission expires: SEPTEMBER 17, 2022.

[NOTARIAL SEAL]



*Larry M. Richman*  
\_\_\_\_\_  
Notary Public

**EXHIBIT A**  
**PROPERTY DESCRIPTION**

**FRIEND TRACT**

First. Those two (2) certain lots or parcels of real estate described as Lots Nos. One (1) and Two (2) lying between the Pike and Wilford Street, Grafton, Taylor County, West Virginia, on the Fetterman Plat "B", which plat is of record in the office of the Clerk of the County Court of Taylor County, West Virginia, in Deed Book 17, at page 152, reserving, however, the part heretofore conveyed to said City by Lawson Starcher, et al., by deed of record in said Clerk's Office in Deed Book 70, at page 483.

Second. Being Lot No. Three (3) of said Fetterman Plat "B", less four (4) lots heretofore sold at Southwest corner, each fronting sixty (60) feet on Wilford Street, and extending back preserving the same width one hundred twenty (120) feet, said Lot No. 3 described as containing 2-3/4 acres, and adjoining the above described Lots Nos. 1 and 2, said property having been conveyed to the said Charles R. Friend by three deeds; the first from John H. Hoffman, Receiver of the Merchants and Mechanics Bank of Grafton, West Virginia, dated the 15th of September, 1941, of record in said clerk's Office in Deed Book 88, at page 23, the second from Minor F. Abel and wife dated the 15th of January, 1942, of record in said Clerk's Office in Deed Book 88, at page 25.

Third. By deed dated the 29th of June, 1967, from Martha E. F. Abel, widow, of record in said Clerk's Office in Deed Book No. 144, at page 76, to all of which deeds reference is hereby had and incorporated herein for a better description thereof.

**GANNON TRACT**

Beginning at the Southwest corner of Lots numbered three (3) and four (4), at a stake on Wilford Street, and running thence N. 1/2 E. 28.50 poles to a stake on the Northwestern Turnpike; thence with said pike S. 85 E. 17.24 poles to a stake on said pike, at a corner of Lot Number five (5); thence S. 1/2 W. 27.50 poles to a stake on said Wilford Street; thence along said street N. 87 1/2 W. 17.20 poles to the place of beginning, containing Three (3) acres, more or less, and being the same real estate that was willed and devised to said Helena Gannon by Belle L. Manning, which was probated in the Office of the Clerk of the County Court of Taylor County, West Virginia, on the 21st day of June, 1955, and is of record in said Clerk's office in Will Book No. 6, at page 491, and being the same real estate that was conveyed to Margaret Manning by Michael Finnegan and wife by deed dated the 14th day of February, 1885, which deed is of record in said Clerk's office in Deed Book No. 19, at page 62, and the said Belle L. Manning acquired title to said real estate by inheritance from her mother, said Margaret Manning, from her sister, Rose Manning, and from her brother, Richard Manning, and reference is now made to the aforesaid Will and Deed for further description of the three acre tract herein conveyed.

**LANGENHEIM/FINNEGAN TRACT**

First - That certain tract or parcel of ground, situate, lying and being in said City, containing three and one half acres, and more particularly described in the deed of Michael Finnegan and

wife to John Finnegan, dated March 24, 1886, and recorded in the office of the Clerk of the County Court of Taylor County, West Virginia, in Deed Book No. 20, page 79, to which deed reference is now here made;

Second - Those five certain lots or parcels of ground, situate, lying and being in said City, known and described as Lots Nos. 480, 481, 482, 483, 484, as shown on Plat "A" of said City, of record in said County Court Clerk's office in Deed Book No. 17, page 148, and more particularly described in the deed of Michael Finnegan and wife to John Finnegan, as aforesaid, and to which deed reference is now here made.

-----

**There is specifically EXCEPTED and RESERVED from the above-described property all coal, oil, gas, lignite, rock, aggregate and other minerals underlying the surface of said land, as well as all mining rights appurtenant rights and easements in favor of the estate of said coal, oil, gas or other minerals.**

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, PAULA MOELLER, Community Facilities Specialist, Rural Housing Service, United States Department of Agriculture (the "Purchaser"), and G. THOMAS BARTLETT, III, Mayor and KEVIN M. STEAD, City Manager, of the City of Grafton (the "Issuer"), hereby certify as follows:

1. On October 28, 2015, the Purchaser received one, fully registered City of Grafton Hospital Refunding and Improvement Revenue Bond, Series 2015 A, No. AR-1 (the "Series 2015 A Bond"), in the principal amount of \$2,999,930, dated October 28, 2015. The Series 2015 A Bond represents the entire above-captioned Bond issue.

2. On October 28, 2015, the Purchaser received one, fully registered City of Grafton Hospital Refunding and Improvement Revenue Bond, Series 2015 B, No. BR-1 (the "Series 2015 B Bond" and collectively with the Series 2015 A Bond, the "Bonds"), in the principal amount of \$650,000, dated October 28, 2015. The Series 2015 B Bond represents the entire above-captioned Bond issue.

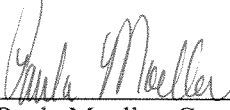
3. At the time of such receipt, the Bonds had been duly executed and sealed by the designated officials of the Issuer.

4. The Issuer has received and hereby acknowledges receipt from the Purchaser of the sum of \$650,000, being the entire principal amount of the Series 2015 B Bond, there being no interest accrued thereon, and the sum of \$1,129,800, being the initial advance of the principal amount and purchase price of the Series 2015 A Bond which has been requested by the Issuer and approved by the Purchaser. The Issuer will requisition additional proceeds of the Series 2015 A Bond from time to time as necessary to pay costs of the project as incurred by the Issuer and approved for disbursement by the Purchaser.

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WITNESS our respective signatures on this October 28, 2015.

UNITED STATES DEPARTMENT OF AGRICULTURE,  
RURAL HOUSING SERVICE

By   
Paula Moeller, Community Facilities Specialist

CITY OF GRAFTON

By  III  
Its Mayor

By   
Its City Manager

**Direction to Authenticate**

**CITY OF GRAFTON**

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

**DIRECTION TO AUTHENTICATE AND DELIVER BONDS**

United Bank, Inc., as Bond Trustee  
Charleston, West Virginia  
Attn: Kathy Smith, Vice President

Ladies and Gentlemen:

There are delivered to you herewith (or have previously been delivered to you) as Trustee and Registrar for the above-captioned Bonds:

1. Bond No. AR-1, constituting the entire original issue of the City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A, dated October 28, 2015, issued in the original aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") executed by the Mayor, the City Manager and the City Clerk of the City of Grafton (the "Issuer") and bearing the official seal of the Issuer.
2. Bond No. BR-1, constituting the entire original issue of the City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B, dated October 28, 2015, issued in the original aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds") executed by the Mayor, the City Manager and the City Clerk of the Issuer and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to an Amended and Restated Bond Ordinance enacted by the Issuer on October 6, 2015, and a Supplemental Resolution adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance");
3. A certified copy of the Ordinance duly certified by the City Clerk;
4. An executed counterpart of the Indenture of Trust dated as of October 28, 2015, by and between the Issuer and United Bank, Inc., as bond trustee;
5. An executed counterpart of the Credit Line Deed of Trust and Fixture Filing, dated as of October 28, 2015, by and among the Issuer, the trustee named therein, for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser") in the repayment of the Bonds.
6. A signed, unqualified approving opinion of nationally recognized bond counsel designated by the Issuer and acceptable to the Purchaser;

7. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

You are hereby requested and authorized, pursuant to Section 2.02 of the Indenture, to authenticate, register and deliver the Bonds to the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, as the Purchaser thereof.

Dated this October 28, 2015.

CITY OF GRAFTON

By   
Its Mayor

By   
Its City Manager

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

SPECIMEN

\$2,999,930

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Two Million Nine Hundred Ninety Nine Thousand Nine Hundred Thirty and 00/100 Dollars (\$2,999,930), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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

# SPECIM

made by the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$2,999,930, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 B (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 B BONDS" AND TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$650,000.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

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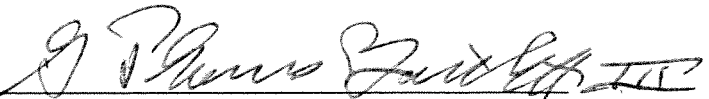
IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

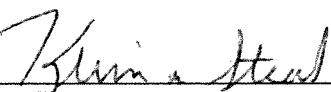
The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

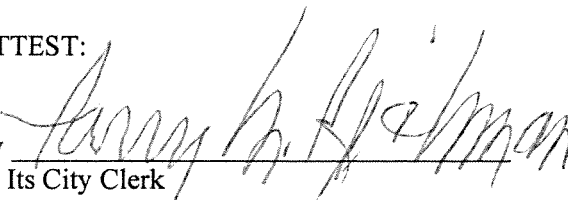
[SEAL]

SPECIMEN

By   
Its Mayor

By   
Its City Manager

ATTEST:

By   
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By   
Shawn Nines, City Attorney

# EXHIBIT A

## RECORD OF ADVANCES

| AMOUNT          | DATE       | AMOUNT | DATE |
|-----------------|------------|--------|------|
| (1) \$1,129,800 | 10/28/2015 | (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 \$ \_\_\_\_\_

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 A Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

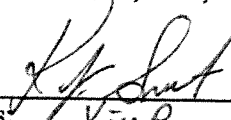
Dated this October 28, 2015.

SPECIMEN

UNITED BANK, INC., as Registrar

By

Its:

  
Vice President

(No writing on this Bond except by the Registrar)

### SCHEDULE OF REGISTERED OWNERS

| In Whose                    |                                 |                                    |
|-----------------------------|---------------------------------|------------------------------------|
| <u>Date of Registration</u> | <u>Name Registered</u>          | <u>Signature of Registrar</u>      |
| <u>October 28, 2015</u>     | <u>United States of America</u> | <u><i>R. J. [Signature]</i> VP</u> |
| _____                       | _____                           | _____                              |
| _____                       | _____                           | _____                              |

**SPECIMEN**

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

SPECIMEN

\$650,000

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Six Hundred Fifty Thousand and 00/100 Dollars (\$650,000), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$650,000, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 A BONDS" AND TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,999,930.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions,

among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

SPECIMEN

By *G. Thomas Bunk III*  
Its Mayor

By *Kim - Steel*  
Its City Manager

ATTEST:

By *Larry R. Robman*  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By *Shawn Nines*  
Shawn Nines, City Attorney

# EXHIBIT A

## RECORD OF ADVANCES

| <u>AMOUNT</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> |
|---------------|-------------|---------------|-------------|
| (1) \$650,000 | 10/28/2015  | (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 \$650,000

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 B Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

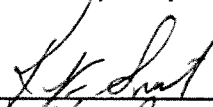
Dated this October 28, 2015.

SPECIMEN

UNITED BANK, INC., as Registrar

By

Its:

  
Vice President

(No writing on this Bond except by the Registrar)

### SCHEDULE OF REGISTERED OWNERS

| In Whose                |                                 |                        |
|-------------------------|---------------------------------|------------------------|
| Date of Registration    | Name Registered                 | Signature of Registrar |
| <u>October 28, 2015</u> | <u>United States of America</u> | <u>[Signature]</u>     |
|                         |                                 |                        |
|                         |                                 |                        |

SPECIMEN

~~SPECIAL~~

October 28, 2015

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

City of Grafton  
Grafton, West Virginia

United States Department of Agriculture  
Morgantown, West Virginia

The Huntington National Bank,  
as Trustee for Prior Bonds  
Columbus, Ohio

West Virginia Municipal Bond Commission  
Charleston, West Virginia

United Bank, Inc., as Bond Trustee  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer" or "City"), in connection with the issuance by the City of its \$2,999,930 in aggregate principal amount of Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (Grafton City Hospital) (the "Series 2015 A Bonds") and its \$650,000 Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (Grafton City Hospital) (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 16 (the "Revenue Bond Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act" and collectively with the Revenue Bond Act, the "Act"), an amended and restated Bond Ordinance duly enacted by the Issuer on October 6, 2015, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance") and an Indenture of Trust (the "Indenture") dated as of October 28, 2015, by and between the Issuer and United Bank, Inc., as bond trustee (the "Trustee") and are subject to all the terms and conditions of the Ordinance and the Indenture. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance and the Indenture.

The Series 2015 A Bonds are originally issued in the form of one Bond, numbered AR-1, in fully registered form, dated October 28, 2015, bearing interest at the fixed rate of 3.25% per annum, and maturing on October 28, 2045. The Series 2015 A Bonds are repayable in equal amortizing monthly installment payments consisting of principal and interest commencing November 28, 2015. The Series 2015 A Bonds are subject to prepayment in whole or in part at any time, without premium, at the price of 100% of the principal amount prepaid, plus interest accrued to the date fixed for prepayment.

The Series 2015 B Bonds are originally issued in the form of one Bond, numbered BR-1, in fully registered form, dated October 28, 2015, bearing interest at the fixed rate of 3.25% per annum, and

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maturing on October 28, 2045. The Series 2015 B Bonds are repayable in equal amortizing monthly installment payments consisting of principal and interest commencing November 28, 2015. The Series 2015 B Bonds are subject to prepayment in whole or in part at any time, without premium, at the price of 100% of the principal amount prepaid, plus interest accrued to the date fixed for prepayment.

The Ordinance and the Indenture provide that the Bonds are issued for the purpose of providing funds which will be used to (i) undertake the design, acquisition, construction and equipping of certain improvements to the facilities of Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"), (ii) currently refund the City's outstanding Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"), (iii) refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. in the original aggregate principal amount of \$382,205.86 entered into with respect to the Hospital facility by Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Board") (the "Chase Bank Note" and collectively with the Prior Bonds, the "Outstanding Obligations") and (iv) pay existing federal tax liabilities with respect to the Hospital (the "Federal Tax Obligations").

The Bonds are being purchased by the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser") pursuant to a Letter of Conditions from the Purchaser, dated July 15, 2014, and Amendment No. 1 to the Letter of Conditions, dated September 15, 2015, together with the Closing Instructions issued by the Purchaser (collectively, the "Letter of Conditions").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion, including, but not limited to, the Indenture, the Ordinance, the Escrow Agreement, dated October 28, 2015 (the "Escrow Agreement"), by and between the Issuer and the West Virginia Municipal Bond Commission (the "Bond Commission") and the Credit Line Deed of Trust and Fixture Filing, dated October 26, 2015 (the "Deed of Trust"), by and between the Issuer and the trustee named therein for the benefit and security of the Purchaser in the repayment of the Bonds. As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Board contained in the Ordinance, the Indenture, the Escrow Agreement and in the certified proceedings and other certifications of certain public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer and the Board contained in the Ordinance, the Indenture, the Escrow Agreement and in certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Indenture, the Escrow Agreement and Deed of Trust and perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Indenture, Escrow Agreement and the Deed of Trust and has issued and delivered the Bonds to the Purchaser. The Ordinance is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Indenture, the Escrow Agreement and the Deed of Trust constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable solely from the sources of payment and security provided therefor as described in the Indenture and the Deed of Trust, and are entitled to the benefits of the Ordinance, the Deed of Trust, the Indenture and the Act.

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

5. The Bonds and the interest thereon are exempt from all taxation by the State or any county, municipality, political subdivision or agency thereof pursuant to the Act.

6. The Prior Bonds have been paid within the meaning and with the effect expressed in the Indenture of Trust with respect to the Prior Bonds, dated as of January 3, 2002 (the "Prior Indenture"), by and between the Issuer and The Huntington National Bank, as trustee, and the covenants, agreements and other obligations of the Issuer to the holders and owners of such Prior Bonds and the liens and pledges provided in the Prior Indenture for the security of the Prior Bonds have been satisfied and discharged.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance, the Indenture, the Deed of Trust and the Escrow Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. We express no opinion as to the priority of any liens upon the security provided for the Bonds pursuant to the Indenture, the Deed of Trust, the Act or otherwise.

We have examined the executed and authenticated Series 2015 A Bond No. AR-1 and Series 2015 B Bond No. BR-1 of said issue, and in our opinion, said Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Steptoe & Johnson PLLC", is written over a horizontal line.

STEPTOE & JOHNSON PLLC

**Shawn D. Nines, Esquire**

---

P.O. Box 571  
Grafton, WV 26354

304-265-5761  
(Fax) 304-265-5775

October 28, 2015

**Re: CITY OF GRAFTON**  
***Hospital Refunding and Improvement Revenue Bonds***  
***Series 2015 A and Series 2015 B***  
***(United States Department of Agriculture)***

City of Grafton  
Grafton, West Virginia

Steptoe & Johnson PLLC  
Bridgeport, West Virginia

United States Department of Agriculture  
Morgantown, West Virginia

West Virginia Municipal Bond Commission  
Charleston, West Virginia

United Bank, Inc.  
Charleston, West Virginia

Ladies and Gentlemen:

I am the City Attorney for the City of Grafton, West Virginia (the "Issuer"). As City Attorney, I have reviewed copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel relating to the above-captioned bonds (the "Bonds"), the Letter of Conditions, dated July 15, 2014, and Amendment No. 1 to the Letter of Conditions, dated September 15, 2015, from the United States of America acting through the Rural Housing Service, United States Department of Agriculture, as purchaser of the Bonds (the "Purchaser") together with the Closing Instructions of the Purchaser (collectively, the "Letter of Conditions"), the amended and restated Bond Ordinance of the Issuer enacted October 6, 2015, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance"), the Indenture of Trust (the "Indenture") dated as of October 28, 2015, by and between the Issuer and United Bank, Inc., as bond trustee (the "Trustee"), the Escrow Agreement, dated October 28, 2015 (the "Escrow Agreement"), by and between the Issuer and the West Virginia Municipal Bond Commission (the "Bond Commission") and the Credit Line Deed of Trust and Fixture Filing, dated October 26, 2015 (the "Deed of Trust"), by and between the Issuer and the trustee named therein for the benefit and security of the Purchaser in the repayment of the Bonds and other documents relating to the issuance of the Bonds by the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Ordinance and the Indenture.

I am of the opinion that:

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia. The Board of Trustees of Grafton City Hospital, Inc. (the "Board") is the duly created and validly existing board which has been appointed by the Issuer pursuant to its codified ordinances to operate and manage Grafton City Hospital (the "Hospital") for the Issuer.

2. The Mayor, City Manager, City Clerk and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

3. The Ordinance has been duly adopted and enacted by the Issuer, is in full force and effect and no further action of the Issuer is required for its continued validity.

4. The Bonds, the Indenture, the Escrow Agreement and the Deed of Trust (collectively, the "Operative Documents") have each been duly authorized, executed and delivered by the Issuer, and assuming due

authorization execution and delivery by the other parties thereto, constitute the valid, binding and legally enforceable obligations of the Issuer in accordance with their respective terms.

5. The execution and delivery of the Operative Documents and the consummation of the transactions contemplated thereby and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. To the best of my knowledge, after due inquiry, 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 (i) materially adversely affect the financial position of the Issuer or the Hospital, the ability of the Issuer to perform its obligations under the Operative Documents, or the validity of or security for the Bonds, or (ii) impair the ability of the Issuer to maintain and operate the Hospital and to charge and receive the revenues thereof.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds and the Operative Documents are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Shawn D. Nines", written in a cursive style.

SHAWN D. NINES

General Certificate of the City

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

GENERAL CERTIFICATE OF THE CITY OF GRAFTON ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. SALE OF BONDS; SIGNATURES
5. DELIVERY AND PAYMENT
6. CERTIFICATION OF DOCUMENTS
7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
8. MEETINGS, ETC.
9. INCUMBENCY AND OFFICIAL NAME
10. DISCHARGE OF PRIOR BOND LIENS
11. DESIGNATION OF TRUSTEE, REGISTRAR, DEPOSITORY BANK, PAYING AGENT AND ESCROW AGENT
12. RATES
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. CONFLICT OF INTEREST

We, the undersigned MAYOR and CITY MANAGER of the City of Grafton (the "Issuer"), hereby certify in connection with the \$2,999,930 aggregate principal amount of the City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) (the "Series 2015 A Bonds") and the \$650,000 aggregate principal amount of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds"), to the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, and any successor thereof, as purchaser of the Bonds from the Issuer (the "Purchaser") and to all counsel involved in the issuance of the Bonds as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the amended and restated Bond Ordinance duly enacted by the Issuer on October 6, 2015, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance") and the Indenture of Trust (the "Indenture") dated as of October 28, 2015, by and between the Issuer and United Bank, Inc., as bond trustee (the "Trustee").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Bonds, the current refunding and repayment in full of the Prior Bonds, the repayment and refinancing of the Loan Obligation, the payment of the Federal Tax Obligations, the design, acquisition, construction and

equipping of the Project, the collection of the Gross Revenues of the Hospital or the pledge of the Net Revenues to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds nor in any manner affecting the validity or enforceability of the Bonds, the Ordinance, the Indenture or the Escrow Agreement; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, City Manager, City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance of the Bonds, the design, acquisition, construction and equipping of the Project, the current refunding and redemption in full of the Prior Bonds, the refinancing and repayment in full of the Loan Obligation and the payment of the Federal Tax Obligations.

3. GOVERNMENTAL APPROVALS: All applicable approvals, licenses, permits, exemptions, consents, authorizations, registrations and certificates required by law for the operation of the Hospital, the imposition of rates and charges for services rendered by the Hospital, the issuance of the Bonds, the refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligations and the design, acquisition, construction and equipping of the Project have been obtained and remain in full force and effect.

4. SALE OF BONDS; SIGNATURES: The Bonds are being sold to the Purchaser, pursuant to the Letter of Conditions of the Purchaser, dated July 15, 2014, and Amendment No. 1 to the Letter of Conditions, dated September 15, 2015 (collectively, the "Letter of Conditions"), at the collective price of \$3,649,930 (100% of par value), there being no interest accrued thereon. As of the date hereof, the Bonds were duly signed by the manual signatures of the Mayor and City Manager and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the City Clerk.

5. DELIVERY AND PAYMENT: A. The undersigned Mayor and City Manager did, on the date hereof, deliver to the Purchaser, the entire issue of the Series 2015 A Bonds, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof. At the time of delivery of the Series 2015 A Bonds, there was paid to, or on behalf of the Issuer, an amount equal to the initial advance of the par amount and purchase price of the Series 2015 A Bonds in the amount of \$1,129,800. The remaining purchase price of the Series 2015 A Bonds shall be advanced by the Purchaser as necessary to pay costs of the Project as the same become due and payable and following the approval by the Purchaser of such requisitions and other documentation as may be acceptable to the Purchaser and the completion of any construction inspections as may be required by the Purchaser.

B. The undersigned Mayor and City Manager did, on the date hereof, deliver to the Purchaser, the entire issue of the Series 2015 B Bonds, consisting upon original issuance of a single Bond, numbered BR-1, dated the date hereof. At the time of delivery of the Series 2015 B Bonds, there was paid to, or on behalf of the Issuer, the par amount and purchase price of the Series 2015 B Bonds in the amount of \$650,000.

6. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all of which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Amended and Restated Bond Ordinance  
Supplemental Resolution  
Indenture of Trust  
Credit Line Deed of Trust

Cross Receipt for Bonds and Bond Proceeds  
 Direction to Authenticate and Deliver Bonds  
 Specimen Series 2015 A Bond  
 Specimen Series 2015 B Bond  
 City Charter, with all amendments  
 Oaths of Office of Officers and Councilmembers  
 Ordinance Creating Grafton City Hospital Board  
 Affidavit of Publication regarding public hearing on Ordinance  
 First Draw Resolution  
 Sweep Resolution  
 Sweep Debit Authorization  
 Minutes on Enactment of Bond Ordinance, Adoption of Supplemental  
 Resolution and Adoption of Sweep Resolution  
 Joint Certificate of Issuer and Escrow Agent on Discharge of Lien of  
 Prior Bonds  
 Escrow Agreement  
 Letter of Instructions to Municipal Bond Commission  
 Prior Bonds Ordinance  
 USDA Loan Resolution for Series 2015 A Bonds  
 USDA Loan Resolution for Series 2015 B Bonds  
 Hospital License  
 Letter of Accreditation

7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the Board of Trustees of Grafton City Hospital, Inc. (the "Board") which has not been disclosed by the Issuer or the Board to the Purchaser since the issuance by the Purchaser of the Letter of Conditions. There is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment. There is of record in the Office of the Clerk of the County Commission of Taylor County a certain Notice of State Tax Lien dated October 7, 2013 (the "State Tax Lien"), in the amount of \$288,831.36 in the name of Grafton City Hospital, Inc., which is recorded in State Tax Lien Book 21, at page 8 and which constitutes a lien upon the real property constituting the Hospital facility which is also secured by the Deed of Trust in favor of the Purchaser to secure repayment of the Bonds (the "Deed of Trust"). The indebtedness represented by the State Tax Lien also constitutes a lien upon the revenues generated by the Hospital facilities. The Board has obtained a subordination from the West Virginia State Tax Department of the lien upon the revenues of the Hospital in favor of the indebtedness represented by the State Tax Lien and the lien upon the real property which is described in and created by the State Tax Lien to the lien upon such Net Revenues in favor of the Purchaser and the lien upon such property in favor of the Purchaser pursuant to the Deed of Trust.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the authorization or issuance of the Bonds, the design, acquisition, construction and equipping of the Project, the refunding of the Prior Bonds, the refinancing of the Loan Obligation and the payment of the Federal Tax Obligations were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the City Charter and rules of procedure of the Issuer and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Council were present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Grafton" and it is a municipal corporation of the State of West Virginia, in Taylor County of said state. The governing body of the Issuer is its Council consisting of 5 councilmembers including the Mayor who is elected by Council. The names and dates of commencement and termination of current terms of office of the Mayor and the councilmembers are as follows:

| <u>Councilmember</u>            | <u>Date of<br/>Commencement<br/>of Office</u> | <u>Date of<br/>Termination<br/>of Office</u> |
|---------------------------------|-----------------------------------------------|----------------------------------------------|
| G. Thomas Bartlett, III (Mayor) | July 1, 2014                                  | June 30, 2018                                |
| Earl C. Bartlett                | July 1, 2014                                  | June 30, 2018                                |
| Peggy Knotts Barney             | July 1, 2014                                  | June 30, 2018                                |
| Jerold P. Isner                 | July 1, 2012                                  | June 30, 2016                                |
| Brenda K. Thompson              | July 1, 2012                                  | June 30, 2016                                |

The duly appointed and acting City Clerk of the Issuer is Larry Richman. The duly appointed and acting City Attorney for the Issuer is Shawn D. Nines, Esquire, Grafton, West Virginia.

10. DISCHARGE OF PRIOR BOND LIENS: The funds on deposit in the Escrow Fund established by the Escrow Agreement between the Issuer and the West Virginia Municipal Bond Commission, as Escrow Agent, dated October 28, 2015, are in such amount as to be sufficient to pay fully the remaining principal of, redemption premium, if any, and interest accrued on the Prior Bonds and discharge all liens and pledges provided as security for repayment of the Prior Bonds.

11. DESIGNATION OF TRUSTEE, REGISTRAR, DEPOSITORY BANK, PAYING AGENT AND ESCROW AGENT: The Issuer hereby confirms the appointment of United Bank, Inc., as trustee and registrar for the Bonds, and the designation and appointment of Branch Banking and Trust Company, Grafton, West Virginia as Depository Bank and the designation of the West Virginia Municipal Bond Commission as Paying Agent and Escrow Agent.

12. RATES: The Board has duly set appropriate rates and charges for the services of the Hospital and such rates and charges are currently in effect.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the amended and restated Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Mountain Statesman, a qualified newspaper published and of general circulation in the City of Grafton, together with a notice to all persons concerned, stating that the Bond Ordinance had been read twice and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on October 6, 2015 at 1:00 p.m., at the Grafton City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the amended and restated Bond Ordinance was affirmatively voted upon, became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

14. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or the Board or in the sale of any land, materials, supplies or services to the Issuer or the Board or to any contractor supplying the Issuer or the Board, relating to the Bonds, the Bond Legislation and/or the Hospital, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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WITNESS our signatures and the official corporate seal of the CITY OF GRAFTON on this  
October 28, 2015.

[CORPORATE SEAL]

Signature

Official Title

Joseph B. Grafton III Mayor

Kim A. Sten City Manager

**Grafton City Hospital, Inc. Certificate**

**CITY OF GRAFTON**

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

**GENERAL CERTIFICATE OF  
GRAFTON CITY HOSPITAL, INC.:**

1. AUTHORIZATION FOR EXECUTION AND DELIVERY OF BOND DOCUMENTS
2. EXECUTION, DELIVERY AND VALIDITY OF BOND DOCUMENTS
3. NO LITIGATION
4. REPRESENTATIONS, WARRANTIES, AND CERTIFICATIONS
5. INSURANCE
6. AGREEMENTS AND OBLIGATIONS
7. NO CHANGE IN CONDITION
8. LICENSURE, CERTIFICATE OF NEED, ETC.
9. INCUMBENCY AND OFFICIAL NAME
10. RATES
11. MEETINGS; POSTING OF NOTICES, ETC.

The undersigned VICE-PRESIDENT of THE BOARD OF TRUSTEES OF GRAFTON CITY HOSPITAL and the undersigned ADMINISTRATOR/CHIEF EXECUTIVE OFFICER of GRAFTON CITY HOSPITAL, INC. as designated representatives of GRAFTON CITY HOSPITAL, INC., as, or its Board as, the City Hospital Board of Grafton City Hospital or The Board of Trustees of Grafton City Hospital (the "Hospital Corporation") which has been established pursuant to Ordinance No. 490 enacted by the City Council of the City of Grafton (the "City") on April 30, 1985 (the "Board Establishment Ordinance") and pursuant to Article IV, Section 41 of the Charter of the City (the "City Charter") for the purpose of operating the Grafton City Hospital (the "Hospital") which is owned by the City, HEREBY CERTIFY in connection with the issuance, sale and delivery of the City's Hospital Improvement and Refunding Revenue Bonds, Series 2015 A, dated October 28, 2015, issued in the original aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and the City's Hospital Improvement and Refunding Revenue Bonds, Series 2015 B, dated October 28, 2015, issued in the original aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds"), which Bonds are being purchased this date by the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser"), to the Purchaser, the City, and to all counsel connected with the issuance of the Bonds as follows, all capitalized terms not otherwise defined herein to have the meanings given in the Indenture of Trust dated as of October 28, 2015, by and between the Issuer and United Bank, Inc., as trustee (the "Indenture"):

1. AUTHORIZATION FOR EXECUTION AND DELIVERY OF BOND DOCUMENTS: There is delivered herewith a true, correct and complete copy of the Resolution of the Hospital Corporation duly and regularly adopted by the Hospital Corporation at a meeting duly called and held on October 26, 2015 (the "Resolution") which Resolution authorizes the design,

acquisition, construction and equipping of the Project by the Hospital Corporation, the current refunding of the Prior Bonds, the refinancing of the Loan Obligations and the payment of the Federal Tax Obligations by the City and the financing of all of such activities pursuant to the issuance by the City of the Bonds and authorizing the Vice-President of the Board of Trustees of the Hospital Corporation, the Administrator/Chief Executive Officer of the Hospital Corporation and such other appropriate officers and employees of the Board of Trustees of the Hospital Corporation and the Hospital Corporation to execute for the Hospital Corporation all documents, agreements, instruments and certificates to be executed by the Hospital Corporation in connection therewith (collectively, the "Bond Documents"), and the Hospital Corporation has all requisite power and authority to operate the Hospital pursuant to the Board Establishment Ordinance, the City Charter and other authority, to carry on its business as now conducted and to carry out the terms and conditions set forth in the Bond Documents. The Resolution has not been amended, modified, supplemented or repealed and is in full force and effect on the date hereof.

2. EXECUTION, DELIVERY AND VALIDITY OF BOND DOCUMENTS: The Bond Documents have been duly authorized, executed and delivered by the Hospital Corporation and on its behalf by one or more duly authorized officers, pursuant to the Resolution herein described, have not been altered, modified or amended and are in full force and effect as of the date hereof. Each of the Bond Documents that are agreements constitutes a valid and legally binding agreement of the Hospital Corporation enforceable in accordance with its terms, except (i) as the same may be subject to general principles of equity, judicial discretion and other limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Bond Documents by the Hospital Corporation will not conflict with or, except for the Indenture and Credit Line Deed of Trust result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Hospital Corporation pursuant to the terms of any other indenture, mortgage, deed of trust, loan agreement or other agreement, document or instrument to which the Hospital Corporation is bound or to which any of the property or assets of the Hospital Corporation is subject, nor will such action result in a violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Hospital Corporation or any of its properties; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental body is required for the execution and delivery of the Bond Documents by the Hospital Corporation or the consummation of the transactions contemplated thereby, except those already obtained, the time for appeal and rehearing of which having expired.

3. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation is pending or, to the knowledge of the undersigned, threatened, against the Hospital Corporation or the Hospital in or before any court, public board or administrative body, which would restrain or enjoin the issuance or delivery of any of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues pursuant to the Indenture, the execution or delivery of any of the Bond Documents, the performance of any obligations of the Hospital Corporation contained therein, or in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds or any of the Bond Documents, or attempting to limit, restrain, enjoin or prevent the Hospital Corporation from functioning and making payments on the Bonds and pursuant to the Indenture or any other Bond Documents or which questions the validity of the Bonds or any documents or the transactions contemplated thereby, or which affects the property constituting security for the Bonds, or contesting the existence of the Hospital Corporation, or which would have a material

adverse effect upon the financial condition of the Hospital Corporation, if decided adversely to the Hospital Corporation. There is no action or proceeding pending or threatened seeking liquidation or dissolution of the Board.

4. REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS: To the best of our knowledge after reasonable investigation and inquiry, each of the representations, warranties and certifications and other statements of the Hospital Corporation set forth in the Bond Documents is true, accurate, correct and complete in all material respects as of the date hereof.

5. INSURANCE: All insurance required by the Indenture to be in effect is in full force and effect as required and the premiums payable by the Hospital Corporation have been paid on all such insurance for at least one year or will be paid when billed.

6. AGREEMENTS AND OBLIGATIONS: All agreements to be complied with and all obligations to be performed by the Hospital Corporation pursuant to the Bond Documents on or prior to the date of such documents have been complied with and performed and there are no defaults or events of default under the Bond Documents which have occurred and are continuing.

7. NO CHANGE IN CONDITION: There has been no material adverse change in the financial condition of the Hospital Corporation or the Hospital since the issuance of the Letter of Conditions by the Purchaser; and there exists no Event of Default under the Indenture and no default by the Hospital Corporation in the payment of principal of or interest on any other outstanding indebtedness or any agreement, instrument or document to which the Hospital Corporation is a party or is bound; and there is no event which has occurred and which would cause the Hospital Corporation to believe it will default in any material way with respect to its obligations thereunder.

8. LICENSURE, CERTIFICATE OF NEED, ETC.: The Hospital Corporation has all necessary material licenses, certificates, approvals and permits to operate the Hospital, including, without limitation, a currently effective license to operate the Hospital which is in good standing and covers the number of beds currently in service and the services and procedures currently performed at the Hospital, any necessary Certificates of Need for the Project, all necessary accreditations from the appropriate authorities, all of which are, as of the date hereof, in full force and effect.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Hospital Corporation is "Grafton City Hospital, Inc." and it is a not for profit corporation chartered under the laws of the State of West Virginia which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The governing body of the Hospital Corporation is its Board of Trustees pursuant to the Board Establishment Ordinance and City Charter consisting of not less than 6 nor more than 12 members which are appointed by the members of the Board of Trustees then serving. The names of the members of the Board of Trustees and their termination dates for their current terms of office are as follows:

| <u>Member</u>                  | <u>Date of<br/>Termination<br/>of Office</u> |
|--------------------------------|----------------------------------------------|
| Ronald L. Cole                 | June 30, 2016                                |
| David “Rusty” Efaw             | June 30, 2016                                |
| Wanda Taylor                   | June 30, 2016                                |
| Nancy Virginia Fowler          | June 30, 2016                                |
| Christopher Z. Villaraza, M.D. | June 30, 2016                                |
| John L. Bord                   | June 30, 2016                                |
| Samuel McDaniel                | June 30, 2016                                |
| Wayne McDevitt                 | June 30, 2016                                |
| John Whitescarver              | June 30, 2016                                |

The duly elected President of the Board of Trustees is Ronald L. Cole, the duly elected Vice-President of the Board of Trustees is David “Rusty” Efaw, the duly elected Secretary of the Board of Trustees is Wanda Taylor and the duly appointed Administrator/Chief Executive Officer of the Hospital Corporation is Patrick D. Shaw.

10. RATES: The Hospital Corporation has duly set appropriate rates and charges for the services of the Hospital and such rates and charges are currently in effect.

11. MEETINGS; POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Hospital Corporation in any way connected with the Project or the financing thereof, the refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligations, the issuance of the Bonds by the City and the authorization of the Bond Documents were authorized or adopted at a meeting of the Hospital Corporation duly called and held pursuant to the Bylaws of the Hospital Corporation and all applicable statutes, including particularly and without limitation Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Hospital Corporation was present and acting at all times during all such meetings. All notices required to be posted or published were so posted or published, in full compliance with the Revenue Bond Act, the Refunding Act and such other statutes.

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IN WITNESS WHEREOF we have hereunto set our hands on this 28<sup>th</sup> day of  
October, 2015.

SIGNATURE

OFFICIAL TITLE

David Epaw

Vice-President

Tate D. Smith

Administrator/Chief Executive Officer

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

CERTIFICATE OF ARCHITECT

On this 28<sup>th</sup> day of October, 2015, Matthew S. Breakey, Registered Architect, West Virginia License No. 3321 of The Thrasher Group, Inc., Bridgeport, West Virginia, hereby certify as follows:

1. My firm is the architect for the GRAFTON CITY HOSPITAL, INC., as, or its Board as, the City Hospital Board of Grafton City Hospital or The Board of Trustees of Grafton City Hospital (the "Hospital Corporation") in connection with the design, acquisition, construction and equipping of certain improvements to the Grafton City Hospital (the "Hospital") facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility, together with all necessary appurtenances (the "Project"), which acquisition and construction are being financed with the proceeds of the above-captioned bonds (the "Bonds") of the City of Grafton (the "Issuer"). Capitalized terms used herein and not defined herein shall have the same meanings set forth in the amended and restated Bond Ordinance duly enacted by the Issuer on October 6, 2015, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance"), and the Indenture of Trust, dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as trustee (the "Trustee").

2. The Bonds are being issued for the purposes of (i) paying costs of the design, acquisition, construction and equipping of the Project; (ii) currently refunding and repaying in full the Prior Bonds; (iii) refinancing the Loan Obligation; (iv) paying the Federal Tax Obligations and (v) paying costs of issuance of the Bonds and related costs.

3. 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 Hospital Corporation and any change orders approved by the Hospital Corporation and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 30 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Hospital Corporation has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing for the Project and we have 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; (iv) the successful bidders received any and all

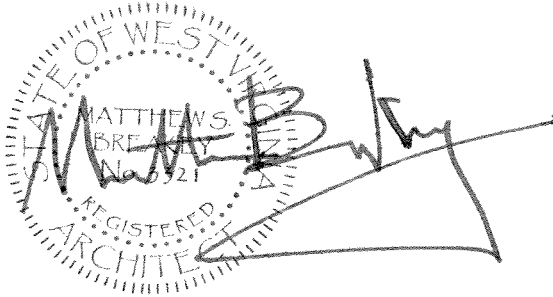
addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Hospital Corporation and all applicable governmental bodies and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the bid specifications complied with Chapter 5G, Article 1 and Chapter 5, Article 22 of the West Virginia Code (collectively, the "Bidding Statutes"), as applicable; (ix) the bid specifications for construction included provisions with respect to payment of West Virginia State prevailing wage, as set forth in Chapter 21, Article 5A of the West Virginia Code, and local labor market utilization and other provisions of the "West Virginia Jobs Act," Chapter 21, Article 1C of the West Virginia Code; and (x) the Hospital Corporation has obtained all applicable permits and approvals required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project.

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WITNESS my signature and seal as of the date first written above.

THE THRASHER GROUP, INC.

(SEAL)



Matthew S. Breakey, Registered Architect

West Virginia License No. 3321

Certificate of Trustee/Registrar

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

CERTIFICATE OF TRUSTEE AND REGISTRAR

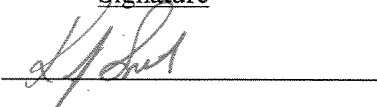
The undersigned Kathy Smith and Franki Parsons, both Vice Presidents of United Bank, Inc., Charleston, West Virginia (the "Trustee"), as Trustee and Registrar for the above-captioned Bonds (the "Bonds"), hereby certify as follows, all capitalized terms used herein to have the meanings set forth in the Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the City of Grafton (the "Issuer") and the Trustee, as trustee for the Bonds:

1. The Trustee is a West Virginia state banking corporation with trust powers which is authorized to conduct business in the State of West Virginia and is lawfully empowered by its by-laws, articles of incorporation and charter, to execute and accept the trusts contemplated and provided under the Indenture, and to perform its duties as trustee and registrar thereunder, and the Trustee has taken all action necessary in connection with the acceptance, authorization, execution and delivery of the Indenture.

2. The Trustee has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Trustee and Registrar under the Indenture, and any and all other documents and agreements as may be required to be executed, delivered and received by the Trustee in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in their office; and, pursuant to necessary authorization, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Trustee.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

| <u>Name</u>        | <u>Title</u>          | <u>Signature</u>                                                                     |
|--------------------|-----------------------|--------------------------------------------------------------------------------------|
| <u>Kathy Smith</u> | <u>Vice-President</u> |  |

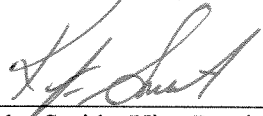
5. There have been delivered to the Trustee all of the documents listed in Section 2.05 of the Indenture; the Bonds have been duly authenticated and

delivered to the Trustee, and proceeds of the Bonds have been deposited as required by the Indenture.

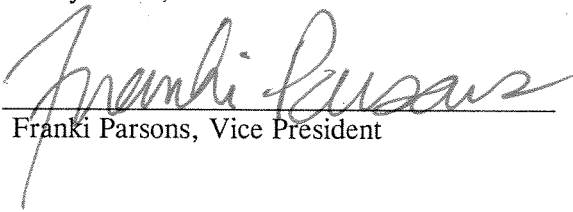
IN WITNESS WHEREOF, the Trustee has caused this Certificate to be executed by a its duly authorized officers, this October 28, 2015.

UNITED BANK, INC., as Trustee

By:

  
Kathy Smith, Vice President

By:

  
Franki Parsons, Vice President

Joint Certificate

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

JOINT CERTIFICATE OF ISSUER AND ESCROW AGENT

The undersigned G. THOMAS BARTLETT, III, Mayor and KEVIN M. STEAD, City Manager of the City of Grafton, a municipal corporation of the State of West Virginia (the "Issuer"), and the undersigned SARA ROGERS, Executive Director of the West Virginia Municipal Bond Commission (the "Escrow Agent"), hereby jointly certify as follows in connection with the above-captioned Bond issue:

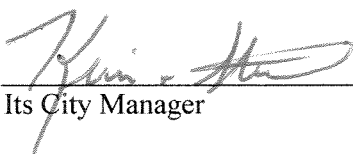
1. We have executed on behalf of the Issuer and the Escrow Agent, respectively, the Escrow Agreement between the Issuer and the Escrow Agent, dated October 28, 2015 (the "Escrow Agreement").

2. The moneys on deposit in the Escrow Fund pursuant to the Escrow Agreement are sufficient in amount to discharge the Issuer's outstanding Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds") described in the Escrow Agreement, including payment on October 29, 2015 (the "Redemption Date"), of the Redemption Price thereof together with all accrued interest thereon to the Redemption Date, and the liens of the Prior Bonds and the Indenture of Trust (the "Indenture"), dated as of January 3, 2002, by and between the Issuer and The Huntington National Bank, as trustee (the "Prior Bonds Trustee"), pursuant to which the Prior Bonds were issued have been discharged. The Escrow Agent authorizes the Issuer and the Prior Bonds Trustee to complete and file all UCC-3 termination statements for and on behalf of the Escrow Agent with the appropriate parties in order to release liens created to secure the Prior Bonds pursuant to the Indenture.

WITNESS our signatures this October 28, 2015.

CITY OF GRAFTON

By   
Its Mayor

By   
Its City Manager

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By \_\_\_\_\_  
Its Executive Director

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

JOINT CERTIFICATE OF ISSUER AND ESCROW AGENT

The undersigned G. THOMAS BARTLETT, III, Mayor and KEVIN M. STEAD, City Manager of the City of Grafton, a municipal corporation of the State of West Virginia (the "Issuer"), and the undersigned SARA ROGERS, Executive Director of the West Virginia Municipal Bond Commission (the "Escrow Agent"), hereby jointly certify as follows in connection with the above-captioned Bond issue:

1. We have executed on behalf of the Issuer and the Escrow Agent, respectively, the Escrow Agreement between the Issuer and the Escrow Agent, dated October 28, 2015 (the "Escrow Agreement").

2. The moneys on deposit in the Escrow Fund pursuant to the Escrow Agreement are sufficient in amount to discharge the Issuer's outstanding Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds") described in the Escrow Agreement, including payment on October 29, 2015 (the "Redemption Date"), of the Redemption Price thereof together with all accrued interest thereon to the Redemption Date, and the liens of the Prior Bonds and the Indenture of Trust (the "Indenture"), dated as of January 3, 2002, by and between the Issuer and The Huntington National Bank, as trustee (the "Prior Bonds Trustee"), pursuant to which the Prior Bonds were issued have been discharged. The Escrow Agent authorizes the Issuer and the Prior Bonds Trustee to complete and file all UCC-3 termination statements for and on behalf of the Escrow Agent with the appropriate parties in order to release liens created to secure the Prior Bonds pursuant to the Indenture.

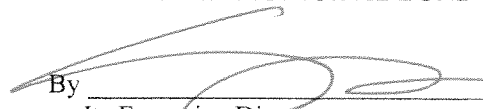
WITNESS our signatures this October 28, 2015.

CITY OF GRAFTON

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By  \_\_\_\_\_  
Its Executive Director

Waiver of Redemption Notice

CITY OF GRAFTON  
HOSPITAL REFUNDING REVENUE BONDS  
SERIES 2002  
(GRAFTON CITY HOSPITAL)

WAIVER OF NOTICE OF REDEMPTION

The City of Grafton, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer") intends to exercise its option, pursuant to Section 3.02 of the Indenture of Trust, dated as of January 3, 2002 (the "Indenture"), to optionally redeem the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 and maturing on January 1, 2022 (the "Bonds"). The Bonds were issued pursuant to the Indenture, and pursuant to Section 3.02 of the Indenture the Bonds can be prepaid at any time, without penalty. Additionally, pursuant to Section 3.04 of the Indenture a written redemption notice is required to be given to the Bondholders at least 30 days prior to the prepayment date by registered or certified mail.

The Huntington National Bank, in its capacity as sole Bondholder of the Bonds, hereby waives the notice requirements set forth in the Indenture for the prepayment of the Bonds.

Dated this 20<sup>th</sup> day of March, 2015.

THE HUNTINGTON NATIONAL BANK

By: \_\_\_\_\_

Its: \_\_\_\_\_

[Signature]  
Assistant Vice President

**Escrow Agreement**

**CITY OF GRAFTON**

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

**ESCROW AGREEMENT**

This ESCROW AGREEMENT, made and entered into as of October 28, 2015 (the "Closing Date"), by and between the CITY OF GRAFTON (West Virginia) (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Commission" or the "Escrow Agent").

**WITNESSETH THAT:**

WHEREAS, the Issuer presently owns and operates through Grafton City Hospital, Inc., as the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Board") a general critical access hospital known as "Grafton City Hospital" (the "Hospital") and has heretofore financed the acquisition and construction of the Hospital and certain additions, extensions and improvements thereto by issuance of several series of bonds, of which there are presently outstanding the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds");

WHEREAS, the Prior Bonds were issued pursuant to an Ordinance of the Issuer enacted December 20, 2001 (the "Prior Ordinance") and an Indenture of Trust, dated January 3, 2002 (the "Indenture for the Prior Bonds"), by and between the Issuer and The Huntington National Bank, as trustee (the "Trustee for the Prior Bonds");

WHEREAS, the City desires to undertake the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project") and to issue its revenue bonds in order to finance costs of the design, acquisition, construction and equipping of the Project, to effect the current refunding and redemption in full of the Prior Bonds, to refinance and repay in full that certain Promissory Note, dated July 8, 2013 from the Board to JPMorgan Chase Bank, NA in the original aggregate principal amount of \$382,205.86 (the "Chase Bank Note"), to pay existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations") and pay costs of issuance of such revenue bonds and related costs;

WHEREAS, the registered owner of the Prior Bonds has waived the redemption notice which is provided for pursuant to the Indenture for the Prior Bonds and the Prior Bonds are subject to prepayment at any time;

WHEREAS, the Chase Bank Note and Federal Tax Obligations do not require the providing of a prior written notice in order to prepay such obligations in full prior to their scheduled maturity dates and such obligations are subject to prepayment at any time;

WHEREAS, the Issuer has determined to issue its Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) in the original aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and its Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) in the original aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds"), pursuant to an Ordinance of the Issuer duly enacted October 6, 2015, as supplemented by a supplemental resolution duly adopted by the Issuer on October 6, 2015 (collectively, the "Series 2015 Ordinance"), and an Indenture of Trust (the "Indenture") dated as of October 28, 2015, by and between the Issuer and United Bank, Inc. (the "Trustee") for the purposes of financing costs of the design, acquisition, construction and equipping of the Project, currently refunding and repaying in full the Prior Bonds, refinancing the Chase Bank Note, paying the Federal Tax Obligations and paying costs of issuance of the Bonds and related costs;

WHEREAS, the Issuer will pay the Federal Tax Obligations on October 28, 2015 by delivering a certified check (representing a portion of the proceeds of the Bonds) to the Internal Revenue Service on such date in exchange for an executed release of the liens which secure repayment of such Obligations;

WHEREAS, the Issuer desires to pay in full on October 29, 2015 (the "Redemption Date") the Prior Bonds and the Chase Bank Note by depositing proceeds of the Bonds into the Escrow Fund as herein described ("Obligations to be Paid");

WHEREAS, the proceeds of the Bonds deposited with the Escrow Agent into the Escrow Fund in the amount of \$955,857.87, is sufficient in amount, when combined with funds currently on deposit with the Escrow Agent, as the paying agent for the Prior Bonds (the "Paying Agent") in the Sinking Fund and in the Reserve Account established for the Prior Bonds in the total amount of \$30,039.67 as to insure the payment on the Redemption Date of the entire amount of the Obligations to be Paid and the payment of the fees due and owing the Commission for the services described herein; and

WHEREAS, the Issuer has found it desirable to appoint the Escrow Agent and the Escrow Agent has agreed to such appointment for the purposes herein described;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Obligations to be Paid, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. There is hereby created and established with the Escrow Agent an irrevocable trust fund to be known as the "Escrow Fund," to be held in the custody of the Escrow Agent, separate and apart from all other funds of the Issuer and the Escrow Agent. The deposit of moneys in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust for, and such moneys, together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to the payment of the Obligations to be Paid on the Redemption Date.

2. Concurrently with the delivery of the Bonds on the Closing Date, the Issuer and the Commission shall cause Bond proceeds in the amount of \$955,857.87 to be deposited into the Escrow Fund, and the Commission shall transfer all funds then on deposit in the Sinking Fund and Reserve

Account established for the Prior Bonds in the amount of \$30,039.67 together with any further interest accruing thereon (the "Issuer Funds") into the Escrow Fund. All of the monies deposited into the Escrow Fund shall remain as an uninvested cash balance. The monies on deposit in the Escrow Fund shall be applied solely to the payment of the Obligations to be Paid on the Redemption Date as herein provided for.

3. (a) The Escrow Agent shall transfer from the Escrow Fund and deposit directly with the Trustee for the Prior Bonds, in immediately available funds, on the Redemption Date, the sum of \$647,555.30, being the amount sufficient to pay all unpaid principal of the Prior Bonds together with all accrued interest thereon to the Redemption Date (the "Redemption Price"). The registered owner of the Prior Bonds has waived the redemption notice which is required pursuant to Section 3.04 of the Indenture for the Prior Bonds. The Trustee for the Prior Bonds shall pay the Redemption Price on the Redemption Date upon the tender of such Prior Bonds by the registered owner of the same to the Trustee for payment on such date whereupon the Trustee shall immediately mark the Prior Bonds as having been paid and satisfied and return the same to the Issuer; and

(b) The Escrow Agent shall disburse from the Escrow Fund on the Redemption Date in immediately available funds the sum of \$336,079.88 to JPMorgan Chase Bank, NA in accordance with the payment instructions which have been provided by such payee in order to satisfy the Chase Bank Note in full on the Redemption Date;

4. The holders of the Obligations to be Paid shall have an express lien on their pro-rata portion of the moneys and assets in the Escrow Fund based upon the relative principal amounts of the respective Obligations to be Paid until paid out, used and applied in accordance with this Agreement.

5. Subject to the provisions of paragraph 15 hereof, 4 months after the payment of all amounts required to be paid pursuant to paragraph 3 of this Agreement, any amounts remaining in the Escrow Fund, if any, shall be deposited by the Escrow Agent in the Sinking Fund which has been established by the Paying Agent for the Bonds, and applied to payment of the next monthly installments on the Bonds.

6. The Escrow Agent shall be entitled to fees for services rendered under this Agreement in accordance with its established rate schedule and to reimbursement of its reasonable expenses. The Issuer shall pay such fees and expenses from the proceeds of the Bonds or other sources aside from funds on deposit in the Escrow Fund. In no event shall such fees or expenses be paid from the Escrow Fund, nor shall the Escrow Agent or the paying agent have any lien whatsoever upon any of the moneys in the Escrow Fund for the payment of such fees or expenses.

7. The Issuer and the Escrow Agent independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Prior Bonds or the Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, or to be subject to treatment under Section 148 as an obligation not described in Section 103 of the Code.

8. The Escrow Agent shall not have any responsibility with respect to the sufficiency of this Escrow Agreement to effect payment, redemption or defeasance of the Obligations to be Paid. The liability of the Escrow Agent for the payment of the Obligations to be Paid shall be limited to the payment of all amounts required to be paid by it pursuant to paragraph 3 hereof. The Escrow Agent shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Escrow Agreement. The Escrow Agent shall have no responsibility to the Issuer or any other person in connection with this Escrow Agreement, except as specifically provided herein, and shall not be

responsible for anything done or omitted to be done by it except for its own negligence or willful default in the performance of any obligation imposed on it hereunder.

9. By execution of this Escrow Agreement, the Escrow Agent accepts the duties and obligations as Escrow Agent hereunder. The Escrow Agent represents that it has all requisite power, and has taken all action necessary to execute the trusts hereby created.

10. If the Escrow Agent is called upon by the terms of this Escrow Agreement to determine the occurrence of any event or contingency, the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may inquire and consult with the Issuer at any time. The Escrow Agent may request an opinion of counsel for a determination of any legal issue which might arise in the performance of its duties hereunder and may act in accordance with the advice given in such opinion.

11. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Escrow Agreement.

12. The Escrow Agent may act upon any notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other instrument or document which the Escrow Agent in good faith believes to be genuine and correct and to have been signed or sent by the proper person or persons.

13. The Escrow Agent may resign or be removed by the Issuer, and thereby become discharged from the trusts hereby created, by notice given to the Issuer not less than thirty (30) days before such resignation or removal shall take effect which resignation or removal shall not take effect until a replacement for the Escrow Agent has been appointed by the Issuer and such appointment shall have been accepted in writing by the replacement. The Escrow Agent shall continue to serve as Escrow Agent until a successor is appointed and the funds held hereunder transferred. The Escrow Agent shall provide a proper accounting to the Issuer of all funds deposited pursuant to this Escrow Agreement within 30 days of the appointment of a successor Escrow Agent. If no such appointment has been made at the end of the 30 day period, the Escrow Agent may petition a court of competent jurisdiction for appointment of a successor or temporary Escrow Agent. In the event of the resignation or removal of the Escrow Agent, the Escrow Agent shall rebate to the Issuer any fees theretofore paid in advance by the Issuer to the Escrow Agent for its services under this Escrow Agreement.

14. This Escrow Agreement is made for the benefit of the Issuer, the Escrow Agent and the holders from time to time of the Obligations to be Paid, except as otherwise expressly provided herein. This Escrow Agreement may be modified or amended at anytime, provided, however, that no such modification or amendment shall be made which would, materially adversely affect the interest of any of the holders or obligees of the Obligations to be Paid.

15. If the Prior Bonds are not presented to the Trustee for payment on the Redemption Date therefore as herein provided, funds disbursed by the Escrow Agent to the Trustee for such payment shall be held by the Trustee for such purposes for a period of 2 years from the date such payment was due, at which time such moneys shall be paid to the Issuer. Following such payment to the Issuer, the Issuer shall be responsible for payment to any holder of the Prior Bonds presenting such Prior Bonds to the Trustee of the amount payable to such holder.

16. This Escrow Agreement shall terminate on the earlier of the date on which all the Obligations to be Paid have been redeemed, paid in full and discharged, or, as described in paragraph 15

above, 2 years after the last date on which payment on the Obligations to be Paid is due. Upon termination of this Escrow Agreement, any remaining moneys in the Escrow Fund shall either be paid to the Issuer or transferred to the Sinking Fund for the Bonds as shall be directed by the Issuer.

17. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

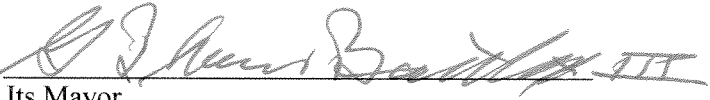
18. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

19. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF GRAFTON

By   
Its Mayor

By   
Its City Manager

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By \_\_\_\_\_  
Its Executive Director

Accepted and Agreed to by:

THE HUNTINGTON NATIONAL BANK,  
as Trustee for the Prior Bonds

By: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF GRAFTON

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By  \_\_\_\_\_  
Its Executive Director

Accepted and Agreed to by:

THE HUNTINGTON NATIONAL BANK,  
as Trustee for the Prior Bonds

By: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF GRAFTON

By \_\_\_\_\_  
Its Mayor

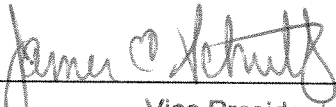
By \_\_\_\_\_  
Its City Manager

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION

By \_\_\_\_\_  
Its Executive Director

Accepted and Agreed to by:

THE HUNTINGTON NATIONAL BANK,  
as Trustee for the Prior Bonds

By:   
Its: Vice President

# CITY OF GRAFTON

1 West Main Street-Grafton, West Virginia 26354-Phone (304)265-1412-Fax (304) 265-0119

October 28, 2015

City of Grafton  
Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

## **VIA E-MAIL AND FIRST CLASS US MAIL**

Ms. Sara Rogers  
Executive Director  
West Virginia Municipal Bond  
Commission  
900 Pennsylvania Avenue, Suite 1117  
Charleston, West Virginia 25302

Mr. James Schultz  
Vice President, Corporate Trust  
The Huntington National Bank  
7 Easton Oval  
EA4E63  
Columbus, Ohio 43219

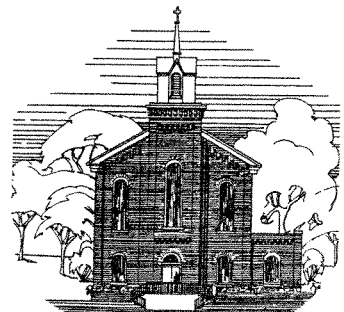
Dear Sara and James:

In coordination with Steptoe & Johnson PLLC, bond counsel ("Bond Counsel") for the City of Grafton (the "Issuer") in connection with the issuance of the Bonds, we wish to advise you that on October 28, 2015 (the "Closing Date"), the Issuer will deliver the above-captioned bonds (the "Bonds") to the United States of America acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser"). A portion of the proceeds of the Bonds will be used to currently refund and redeem in full the Issuer's outstanding Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"). A portion of the proceeds of the Bonds will also be used to repay in full and refinance the following obligations of Grafton City Hospital, Inc. (the "Board") which is the board which has been established by the Issuer to operate Grafton City Hospital (the "Outstanding Obligations"):

(A) That certain Promissory Note, dated July 8, 2013 from the Board to JPMorgan Chase Bank, NA in the original aggregate principal amount of \$382,205.86 (the "Chase Bank Note"); and

(B) Certain federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (the "Federal Tax Obligations")

"Where Mother's Day Began" - Andrews Methodist Episcopal Church  
First Mother's Day Service - May 10, 1908



The Prior Bonds were issued pursuant to an Indenture of Trust, dated January 3, 2002 (the "Indenture for the Prior Bonds"), by and between the Issuer and The Huntington National Bank, as trustee (the "Trustee for the Prior Bonds"). Section 3.04 A of the Indenture for the Prior Bonds requires that the Trustee for the Prior Bonds send by registered or certified mail written notification of redemption of the Prior Bonds to all registered owners of the Prior Bonds not less than 30 days nor more than 60 days prior to the redemption date. The Huntington National Bank, the original purchaser and registered owner of the Prior Bonds ("Huntington Bank") has executed a Waiver of Notice of Redemption, dated March 20, 2015, pursuant to which Huntington Bank has waived its right to receive notice of redemption of the Prior Bonds pursuant to Section 3.04 of the Indenture.

On the Closing Date, the Issuer will be required to fund the Escrow Fund (the "Escrow Fund") established with the West Virginia Municipal Bond Commission, as Escrow Agent for the Prior Bonds and Chase Bank Note (the "Escrow Agent"), pursuant to an Escrow Agreement, dated October 28, 2015 (the "Escrow Agreement"), by and between the Issuer and the Escrow Agent and accepted and agreed to by the Trustee for the Prior Bonds.

The Escrow Fund will be funded with \$955,857.87 from the proceeds of the Bonds and funds on deposit with the Escrow Agent in its capacity as paying agent for the Prior Bonds (the "Paying Agent") in the Sinking Fund and in the Reserve Account established for the Prior Bonds in the total amount of \$30,039.67 together with any additional interest accruing thereon. Proceeds of the Bonds in the amount of \$955,857.87 which are being wired by the Purchaser to the Issuer on the Closing Date for deposit in the Construction Fund for the Bonds will be wired by the Issuer on the Closing Date to the Commission for deposit in the Escrow Fund. The Commission will retain \$2,262.36 of such amount in payment of its fees and costs and deposit the remainder into the Escrow Fund.

The Commission shall leave the funds on deposit in the Escrow Fund as an uninvested cash balance until application as provided herein. The funds on deposit in the Escrow Fund shall be administered by the Escrow Agent as provided for in Section 3 of the Escrow Agreement as follows:

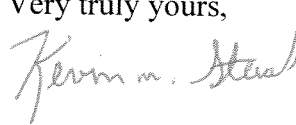
(a) The Escrow Agent shall transfer from the Escrow Fund and deposit directly with the Trustee for the Prior Bonds, in immediately available funds, on October 29, 2015 (the "Prior Bonds Redemption Date"), the sum of \$647,555.30, being the amount sufficient to pay the entire outstanding principal amount of the Prior Bonds together with all accrued interest thereon to such redemption date (the "Prior Bonds Redemption Price") on the Prior Bonds Redemption Date. Huntington Bank has executed a Waiver of Notice of Redemption, dated March 20, 2015, pursuant to which Huntington Bank has waived its right to receive notice of redemption of the Prior Bonds pursuant to Section 3.04 of the Indenture. The Trustee for the Prior Bonds shall pay the Prior Bonds Redemption Price on the Prior Bonds Redemption Date upon the tender of such Prior Bonds by the registered owner of the same to the Trustee for payment on such date whereupon the Trustee shall immediately mark the Prior Bonds as having been paid and satisfied and return the same to the Issuer. The Issuer shall pay to or otherwise reimburse the Trustee for all costs and expenses relating to such actions; and

(b) The Escrow Agent shall disburse from the Escrow Fund on the Redemption Date in immediately available funds the sum of \$336,079.88 to JPMorgan Chase Bank, NA in accordance with the payment instructions which have been provided by such payee in order to satisfy the Chase Bank Note in full on the Redemption Date;

The Issuer shall satisfy the Federal Tax Obligations with proceeds of the Bonds deposited into the Construction Fund on the Closing Date and the Commission shall not be in receipt of such funds and shall have no responsibility for any application of funds with respect thereto. The Escrow Fund and associated arrangements shall otherwise be administered as provided in the Escrow Agreement.

If you have any questions regarding the foregoing, please feel free to contact me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Kevin M. Stead". The signature is fluid and cursive, with the first name "Kevin" being the most prominent.

Kevin M. Stead,  
City Manager

Copy of letter (via e-mail) to:

Thomas L. Aman, Jr.

Patrick D. Shaw, CEO

Paula Moeller, Community Facilities Specialist

**Acceptance as Depository Bank**

CITY OF GRAFTON

Hospital Refunding and Improvement Revenue Bonds  
Series 2015 A and Series 2015 B  
(United States Department of Agriculture)

**ACCEPTANCE OF DUTIES OF DEPOSITORY BANK**

Branch Banking and Trust Company, a North Carolina banking corporation with a banking office located in Grafton, West Virginia, hereby accepts appointment as Depository Bank in connection with an amended and restated Bond Ordinance enacted by the Council of the City of Grafton (the "Issuer") on October 6, 2015, as supplemented by a Supplemental Resolution adopted by the Council of the Issuer on October 6, 2015 (collectively, the "Ordinance") and a Indenture of Trust, dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., Charleston, West Virginia (the "Trustee") authorizing issuance of the Issuer's Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated October 28, 2015, issued in the aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and the issuance of the Issuer's Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture), dated October 28, 2015, issued in the aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Indenture.

Dated this October 28, 2015.

BRANCH BANKING AND TRUST COMPANY

By: Debra M. Clutter  
Name: Debra M. Clutter  
Title: VP

Georgianna Thompson  
TAYLOR County 02:30:31 PM  
Instrument No 2015017989  
Date Recorded 10/28/2015  
Document Type SUB  
Pages Recorded 9  
Book-Page 339-134  
Recording Fee \$9.00  
Additional \$6.00

## SUBORDINATION AGREEMENT

This *Subordination Agreement* (the "Agreement") dated as of ~~October 20~~, 2015, by and among the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer" or "City"), GRAFTON CITY HOSPITAL, INC., as the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Hospital Board"), the STATE OF WEST VIRGINIA, ACTING THROUGH THE STATE TAX DEPARTMENT, DEPARTMENT OF REVENUE (the "State"), and the UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL HOUSING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (the "Purchaser").

WHEREAS, the Issuer owns and operates through the Hospital Board in the City of Grafton, Taylor County, West Virginia, a general critical access hospital known as Grafton City Hospital and certain other health care facilities (the "Hospital"); and

WHEREAS, the Issuer has agreed to issue its Hospital Refunding and Improvement Revenue Bonds, Series 2015 A, in the original aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and its Hospital Refunding and Improvement Revenue Bonds, Series 2015 B, in the original aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Bonds") payable to the Purchaser in order to finance the design, acquisition, construction and equipping of certain improvements to the facilities of the Hospital, refinance existing indebtedness with respect to the Hospital and pay a federal tax obligation with respect to the Hospital; and

WHEREAS, the Issuer has agreed to a Credit Line Deed of Trust and Fixture Filing (the "Deed of Trust"), by and among the Issuer, Robert D. Lewis, as trustee and the Purchaser and an Indenture of Trust (the "Indenture"), by and between the Issuer and United Bank, Inc., as bond trustee (the "Bond Trustee"), in order to secure repayment of the Bonds unto the Purchaser; and

WHEREAS, the payment of the principal of and interest on the Bonds shall, more specifically, be secured by, among other things: (i) a lien on the real property and fixtures of the Issuer described in "Schedule A" attached hereto and made a part hereof, upon the filing and recordation of the Deed of Trust; (ii) a statutory mortgage lien upon the assets of the Hospital facility described in the Indenture pursuant to Chapter 8, Article 16 of the West Virginia Code, as amended (the "Revenue Bond Act"); (iii) a lien on and a pledge of the net revenues of the Hospital pursuant to the Indenture; (iv) certain funds and accounts established with the Bond Trustee as provided in the Indenture; and (v) any other collateral security granted by the Issuer or Hospital Board as security for repayment of the Bonds unto the Purchaser (collectively, the "Security for Repayment of the Bonds"); and

WHEREAS, the State asserts that the Hospital Board is delinquent in the payment of certain tax obligations, which include, but are not limited to tax, interest, and penalty, to the State (the "State Tax Liabilities") and the State has filed a Notice of Tax Lien in the name of the Hospital Board, which is of record as described in "Schedule B" attached hereto and made a part hereof (the "Notice of State Tax Lien"), which Notice of State Tax Lien indicates that the State

Tax Liabilities, interest, and penalty shown due are an unpaid debt to the State and constitute a lien upon all property of the taxpayer (collectively, the "State Tax Lien"), including but not limited to the property of the Issuer described in "Schedule A" attached hereto and made a part hereof; and

WHEREAS, as a condition of purchasing the Bonds, the Purchaser requires that the State subordinate the State Tax Lien to the Security for Repayment of the Bonds to be granted unto the Purchaser in order to secure repayment of the Bonds; and

WHEREAS, in a letter dated February 3, 2015, the State conditionally agreed to subordinate the State Tax Lien upon the property and fixtures described in Schedule A attached hereto to the lien to be created thereon in favor of the Purchaser as security for repayment of the Bonds, upon receipt by the State of the executed and properly recorded Deed of Trust; and

WHEREAS, pursuant to this Subordination Agreement, the State also agrees and does hereby subordinate its State Tax Lien to the entirety of the Security for Repayment of the Bonds;

NOW THEREFORE, the Issuer, Hospital Board, the State, and the Purchaser hereby agree as follows:

1. The State hereby expressly subordinates the priority of the State Tax Lien which secures repayment of the State Tax Liabilities to the following property and security which is pledged or to be pledged unto the Purchaser as security for repayment of the Bonds: (i) a lien on the real property and fixtures of the Issuer described in "Schedule A" attached hereto and made a part hereof upon the filing and recordation of the Deed of Trust; (ii) a statutory mortgage lien upon the assets of the Hospital facility described in the Indenture pursuant to the Revenue Bond Act; (iii) a lien on and a pledge of the net revenues of the Hospital pursuant to the Indenture; (iv) certain funds and accounts established with the Bond Trustee as provided in the Indenture and (v) any other collateral security granted by the Issuer or Hospital Board as security for repayment of the Bonds unto the Purchaser.

2. The State agrees that the State Tax Lien shall be and is subject and subordinate in all respects and at all times to the Security for Repayment of the Bonds which has been or shall be granted by the Issuer or Hospital Board as security for repayment of the Bonds, regardless of the order or time of granting, attachment, filing, recording or physical possession.

3. Notwithstanding the above, nothing in this agreement shall be construed so as to relieve the Hospital Board of liability to the State for payment of the State Tax Liabilities or to limit the Hospital Board's right to contest the amount of the State Tax Liabilities, in whole or part.

4. To the fullest extent allowed by law, in the event of dispute or litigation to enforce this Agreement, the prevailing party in such dispute or litigation shall be entitled to recover from the other party all expense of every kind, including, without limitation, reasonable counsel fees, which it may incur in enforcing its rights hereunder.

5. Each party to this Agreement represents that they have the power and authority to enter into this Agreement and that the governing bodies of each respective party have taken any requisite action necessary to authorize the execution and delivery of this Agreement and the performance of such parties' obligations hereunder.

6. This Agreement may be executed in any number of duplicate originals and each such duplicate original when assembled with all signatures shall be deemed to constitute but one and the same instrument. All notices, requests, consents, notifications, approvals, waivers, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed delivered to the parties (a) on the date of personal delivery or transmission by facsimile transmission, with confirmation of receipt, (b) on the first business day following the date of delivery to a nationally recognized overnight courier service or (c) the third business day following the date of deposit in the United States Mail, postage prepaid, by certified mail, in each case, addressed as follows, or to such other address or person as any party may designate by notice to the others in accordance herewith:

If to Purchaser: United States Department of Agriculture  
Rural Development  
Attn: State Director  
1550 Earl Core Road, Suite 101  
Morgantown, West Virginia 26505

If to State: State of West Virginia Department of Revenue  
State Tax Department  
1001 Lee Street, East  
Charleston, West Virginia 25301  
Attention: Compliance Division

If to Issuer: City of Grafton  
1 West Main Street  
Grafton, West Virginia 26354  
Attention: City Manager

If to the Hospital  
Board: Grafton City Hospital, Inc.  
1 Hospital Plaza  
Grafton, West Virginia 26354  
Attention: Administrator/ Chief Executive Officer

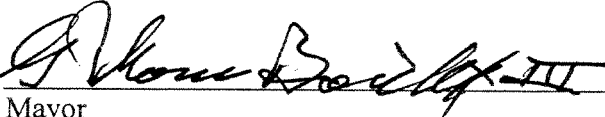
7. No delay on the Purchaser's part in exercising any right or rights hereunder or in failing to exercise the same shall operate as a waiver of such right or rights; and no notice to or demand on the Issuer, the Hospital Board or the State shall be deemed a waiver of the Purchaser's right to take further action without notice or demand; nor in any event shall any modification, alteration or waiver of any of the provisions hereof be effective unless in writing and signed for or on behalf of the Purchaser and then only in the specific instance for which given.

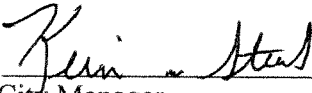
8. This Agreement shall be deemed to be a contract made in the State of West Virginia and entered into under and pursuant to the laws of said State and shall be governed, construed and enforced and all rights and obligations hereunder shall be determined in accordance with the laws of the said State.

[Remainder of Page Intentionally Blank]

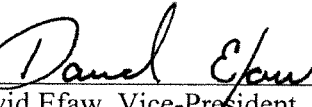
IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto all as of the day and year first hereinabove written.

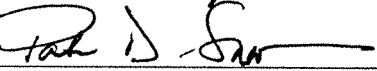
**CITY OF GRAFTON**

By:   
Its Mayor

By:   
Its City Manager

**GRAFTON CITY HOSPITAL, INC., as, or its Board  
as, the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital**

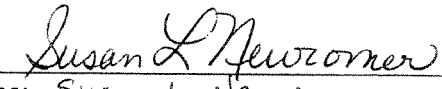
By:   
David Efaw, Vice-President

By:   
Patrick D. Shaw, Administrator/Chief Executive Officer

**STATE OF WEST VIRGINIA, by and through its State  
Tax Department, Department of Revenue**

By:   
Name: Thomas A. Moore, Director, Compliance Division  
Its: WV State Tax Department

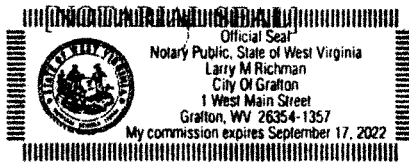
**UNITED STATES OF AMERICA, acting through the  
Rural Housing Service, United States Department of  
Agriculture**

By:   
Name: Susan L. Newcomer  
Its: Acting State Director

STATE OF WEST VIRGINIA,  
COUNTY OF TAYLOR, TO WIT:

The foregoing instrument was acknowledged before me this 26th day of October, 2015, by G. Thomas Bartlett, III, Mayor and Kevin M. Stead, City Manager of the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia, on behalf of such municipal corporation and political subdivision.

My commission expires: SEPTEMBER 17, 2022.



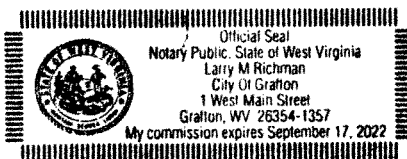
*Larry M. Richman*  
\_\_\_\_\_  
Notary Public

STATE OF WEST VIRGINIA,  
COUNTY OF TAYLOR, TO WIT:

The foregoing instrument was acknowledged before me this 26th day of October, 2015, by David Efaw, Vice-President and Patrick D. Shaw, Administrator/Chief Executive Officer of Grafton City Hospital, Inc., a West Virginia non-profit corporation as the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital, on behalf of such non-profit corporation.

My commission expires: SEPTEMBER 17, 2022.

[NOTARIAL SEAL]



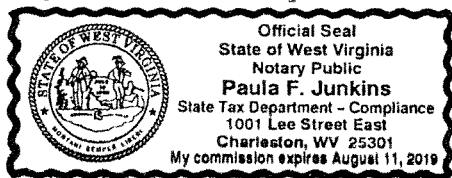
*Larry M. Richman*  
\_\_\_\_\_  
Notary Public

STATE OF WEST VIRGINIA,  
COUNTY OF Kanawha, TO WIT:

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of October, 2015, by Thomas A. Moore, Compliance Division Director of the West Virginia State Tax Department, Department of Revenue, State of West Virginia, an agency of the State of West Virginia, on behalf of such agency of the State of West Virginia.

My commission expires: August 11, 2019.

[NOTARIAL SEAL]



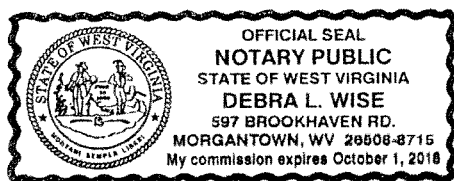
Paula F. Junkins  
Notary Public

STATE OF WEST VIRGINIA,  
COUNTY OF Monongalia, TO WIT:

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of October, 2015, by Susan Newcomer, Acting State Director of the Rural Housing Service of the United States Department of Agriculture, an agency of the United States of America, on behalf of such agency of the United States of America.

My commission expires: October 1, 2018.

[NOTARIAL SEAL]



Debra L. Wise  
Notary Public

The foregoing instrument was prepared by Thomas L. Aman Jr. of Steptoe & Johnson PLLC, 400 White Oaks Boulevard, Bridgeport, West Virginia, 26330.

**Schedule A**  
**Description of Issuer Property Subject to State Tax Lien**

**FRIEND TRACT**

First. Those two (2) certain lots or parcels of real estate described as Lots Nos. One (1) and Two (2) lying between the Pike and Wilford Street, Grafton, Taylor County, West Virginia, on the Fetterman Plat "B", which plat is of record in the office of the Clerk of the County Court of Taylor County, West Virginia, in Deed Book 17, at page 152, reserving, however, the part heretofore conveyed to said City by Lawson Starcher, et al., by deed of record in said Clerk's Office in Deed Book 70, at page 483.

Second. Being Lot No. Three (3) of said Fetterman Plat "B", less four (4) lots heretofore sold at Southwest corner, each fronting sixty (60) feet on Wilford Street, and extending back preserving the same width one hundred twenty (120) feet, said Lot No. 3 described as containing 2-3/4 acres, and adjoining the above described Lots Nos. 1 and 2, said property having been conveyed to the said Charles R. Friend by three deeds; the first from John H. Hoffman, Receiver of the Merchants and Mechanics Bank of Grafton, West Virginia, dated the 15th of September, 1941, of record in said clerk's Office in Deed Book 88, at page 23, the second from Minor F. Abel and wife dated the 15th of January, 1942, of record in said Clerk's Office in Deed Book 88, at page 25.

Third. By deed dated the 29th of June, 1967, from Martha E. F. Abel, widow, of record in said Clerk's Office in Deed Book No. 144, at page 76, to all of which deeds reference is hereby had and incorporated herein for a better description thereof.

**GANNON TRACT**

Beginning at the Southwest corner of Lots numbered three (3) and four (4), at a stake on Wilford Street, and running thence N. 1/2 E. 28.50 poles to a stake on the Northwestern Turnpike; thence with said pike S. 85 E. 17.24 poles to a stake on said pike, at a corner of Lot Number five (5); thence S. 1/2 W. 27.50 poles to a stake on said Wilford Street; thence along said street N. 87 1/2 W. 17.20 poles to the place of beginning, containing Three (3) acres, more or less, and being the same real estate that was willed and devised to said Helena Gannon by Belle L. Manning, which was probated in the Office of the Clerk of the County Court of Taylor County, West Virginia, on the 21st day of June, 1955, and is of record in said Clerk's office in Will Book No. 6, at page 491, and being the same real estate that was conveyed to Margaret Manning by Michael Finnegan and wife by deed dated the 14th day of February, 1885, which deed is of record in said Clerk's office in Deed Book No. 19, at page 62, and the said Belle L. Manning acquired title to said real estate by inheritance from her mother, said Margaret Manning, from her sister, Rose Manning, and from her brother, Richard Manning, and reference is now made to the aforesaid Will and Deed for further description of the three acre tract herein conveyed.

**LANGENHEIM/FINNEGAN TRACT**

First - That certain tract or parcel of ground, situate, lying and being in said City, containing three and one half acres, and more particularly described in the deed of Michael Finnegan and wife to John Finnegan, dated March 24, 1886, and recorded in the office of the Clerk of the County Court of Taylor County, West Virginia, in Deed Book No. 20, page 79, to which deed reference is now here made;

Second - Those five certain lots or parcels of ground, situate, lying and being in said City, known and described as Lots Nos. 480, 481, 482, 483, 484, as shown on Plat "A" of said City, of record in said County Court Clerk's office in Deed Book No. 17, page 148, and more particularly described in the deed of Michael Finnegan and wife to John Finnegan, as aforesaid, and to which deed reference is now here made.

-----  
There is specifically **EXCEPTED** and **RESERVED** from the above-described property all coal, oil, gas, lignite, rock, aggregate and other minerals underlying the surface of said land, as well as all mining rights appurtenant rights and easements in favor of the estate of said coal, oil, gas or other minerals.

**Schedule B**  
**Description of State Tax Lien**

Notice of State Tax Lien dated October 7, 2013, in the amount of \$288,831.36, in the name of Grafton City Hospital, Inc., which is of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia in State and Federal Tax Lien Book 21, at page 8.

## Table of Contents

| <u>Subject</u>                                                            | <u>Page</u>                                                                                |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| RECITALS                                                                  |                                                                                            |
| <br>                                                                      |                                                                                            |
| <b>ARTICLE I</b>                                                          |                                                                                            |
| <b>DEFINITIONS</b>                                                        |                                                                                            |
| Section 1.01                                                              | Definitions .....3                                                                         |
| Section 1.02                                                              | Findings and Determinations.....11                                                         |
| <br>                                                                      |                                                                                            |
| <b>ARTICLE II</b>                                                         |                                                                                            |
| <b>THE BONDS</b>                                                          |                                                                                            |
| Section 2.01                                                              | Authorized Amount of Bonds .....11                                                         |
| Section 2.02                                                              | Issuance and Delivery of Bonds .....11                                                     |
| Section 2.03                                                              | Execution.....13                                                                           |
| Section 2.04                                                              | Authentication .....13                                                                     |
| Section 2.05                                                              | Form of Bonds.....13                                                                       |
| Section 2.06                                                              | Mutilated, Lost, Stolen or Destroyed Bonds .....13                                         |
| Section 2.07                                                              | Bond Registrar.....14                                                                      |
| Section 2.08                                                              | Paying Agent.....14                                                                        |
| Section 2.09                                                              | Transfer, Registration of Transfer and Exchange.....14                                     |
| Section 2.10                                                              | Fees.....14                                                                                |
| Section 2.11                                                              | Temporary Bonds .....14                                                                    |
| Section 2.12                                                              | Cancellation.....15                                                                        |
| Section 2.13                                                              | Limited Obligations.....15                                                                 |
| Section 2.14                                                              | Pledge of Net Revenues .....15                                                             |
| <br>                                                                      |                                                                                            |
| <b>ARTICLE III</b>                                                        |                                                                                            |
| <b>AUTHORIZATION OF PROJECT; REFUNDING OF PRIOR BONDS;</b>                |                                                                                            |
| <b>REFINANCING OF LOAN OBLIGATION; PAYMENT OF FEDERAL TAX OBLIGATIONS</b> |                                                                                            |
| Section 3.01                                                              | Authorization of Design, Acquisition, Construction and Equipping<br>of the Project .....15 |
| Section 3.02                                                              | Authorization of Refunding of Prior Bonds .....15                                          |
| Section 3.03                                                              | Authorization of Refinancing of the Loan Obligation .....16                                |
| Section 3.04                                                              | Authorization of Payment of Federal Tax Obligations .....16                                |
| Section 3.05                                                              | Authorization of Payment of Issuance Costs.....16                                          |

**ARTICLE IV  
GENERAL COVENANTS AND PROVISIONS**

|              |                                               |    |
|--------------|-----------------------------------------------|----|
| Section 4.01 | Payment of Bonds .....                        | 16 |
| Section 4.02 | Performance of Covenants .....                | 17 |
| Section 4.03 | Inspection of Hospital Books .....            | 17 |
| Section 4.04 | Additional Bonds.....                         | 17 |
| Section 4.05 | Permitted Indebtedness.....                   | 17 |
| Section 4.06 | Covenant on Maintenance of Hospital .....     | 18 |
| Section 4.07 | Compliance with Laws.....                     | 18 |
| Section 4.08 | Taxes and Assessments .....                   | 18 |
| Section 4.09 | Rate Covenant .....                           | 18 |
| Section 4.10 | Hazardous Waste.....                          | 19 |
| Section 4.11 | ERISA Covenant.....                           | 20 |
| Section 4.12 | Insurance Coverage and Terms .....            | 20 |
| Section 4.13 | Insurance Proceeds .....                      | 22 |
| Section 4.14 | City Acting Through Board.....                | 23 |
| Section 4.15 | Additional Representations and Covenants..... | 23 |

**ARTICLE V  
FUNDS AND ACCOUNTS; REVENUES AND APPLICATION THEREOF**

|              |                                                           |    |
|--------------|-----------------------------------------------------------|----|
| Section 5.01 | Establishment of Revenue Fund and Construction Fund ..... | 24 |
| Section 5.02 | Establishment of Sinking Fund and Reserve Account .....   | 24 |
| Section 5.03 | Bond Proceeds; Construction Fund .....                    | 24 |
| Section 5.04 | Revenues; Flow of Funds.....                              | 24 |
| Section 5.05 | Disbursements from Sinking Fund.....                      | 27 |
| Section 5.06 | Repayment to Hospital Upon Payment of Bonds.....          | 27 |

**ARTICLE VI  
APPLICATION OF PROCEEDS OF BONDS**

|              |                                        |    |
|--------------|----------------------------------------|----|
| Section 6.01 | Disposition of Proceeds of Bonds ..... | 27 |
|--------------|----------------------------------------|----|

**ARTICLE VII  
INVESTMENTS**

|              |                  |    |
|--------------|------------------|----|
| Section 7.01 | Investments..... | 28 |
|--------------|------------------|----|

**ARTICLE VIII  
SATISFACTION AND DISCHARGE**

|              |                                  |    |
|--------------|----------------------------------|----|
| Section 8.01 | Satisfaction and Discharge ..... | 29 |
|--------------|----------------------------------|----|

## ARTICLE IX DEFAULTS AND REMEDIES

|              |                                                                                     |    |
|--------------|-------------------------------------------------------------------------------------|----|
| Section 9.01 | Events of Default.....                                                              | 29 |
| Section 9.02 | Notice of Default; Opportunity to Cure.....                                         | 30 |
| Section 9.03 | Acceleration; Cure.....                                                             | 30 |
| Section 9.04 | Powers of Trustee.....                                                              | 30 |
| Section 9.05 | Powers of Bondholders .....                                                         | 31 |
| Section 9.06 | Limitations on Bondholders .....                                                    | 31 |
| Section 9.07 | Right of Purchaser to Act.....                                                      | 32 |
| Section 9.08 | Control of Proceedings Commenced by the Trustee and Commenced<br>By Purchaser ..... | 32 |
| Section 9.09 | Remedies not Exclusive .....                                                        | 32 |
| Section 9.10 | Delay or Omission of Trustee .....                                                  | 32 |
| Section 9.11 | Application of Moneys.....                                                          | 33 |
| Section 9.12 | Severability of Remedies.....                                                       | 33 |
| Section 9.13 | Limitation of Remedies and Rights.....                                              | 33 |
| Section 9.14 | Limited Indemnification Where Trustee Acts on Behalf of Purchaser .....             | 33 |

## ARTICLE X CONCERNING THE TRUSTEE

|               |                                               |    |
|---------------|-----------------------------------------------|----|
| Section 10.01 | Acceptance of Trust.....                      | 34 |
| Section 10.02 | Notice of Default to Bondholder .....         | 36 |
| Section 10.03 | Rights and Powers During Default.....         | 36 |
| Section 10.04 | Right to Rely Upon Documents .....            | 36 |
| Section 10.05 | Right to Own and Deal in Bonds.....           | 36 |
| Section 10.06 | Interest Upon Moneys Received .....           | 36 |
| Section 10.07 | Construction of Provisions of Indenture ..... | 36 |
| Section 10.08 | Co-Trustee.....                               | 36 |
| Section 10.09 | Resignation by Trustee.....                   | 37 |
| Section 10.10 | Removal of Trustee .....                      | 37 |
| Section 10.11 | Appointment of Successor Trustee.....         | 37 |
| Section 10.12 | Qualification of Successor Trustee.....       | 37 |
| Section 10.13 | Court Appointment of Successor Trustee.....   | 37 |
| Section 10.14 | Acceptance and Transfer of Trust .....        | 37 |
| Section 10.15 | Successor Trustee by Merger .....             | 38 |
| Section 10.16 | Trustee's Right to Make Advances.....         | 38 |
| Section 10.17 | Intervention by Trustee .....                 | 38 |
| Section 10.18 | Registration Under Securities Act, etc .....  | 38 |

## ARTICLE XI EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

|               |                               |    |
|---------------|-------------------------------|----|
| Section 11.01 | Execution of Instruments..... | 38 |
|---------------|-------------------------------|----|

**ARTICLE XII**  
**SUPPLEMENTAL INDENTURES; MODIFICATION**  
**OF THE INDENTURE**

|               |                                                                |    |
|---------------|----------------------------------------------------------------|----|
| Section 12.01 | Supplemental Indentures Without Consent of Bondholders .....   | 39 |
| Section 12.02 | Modification of the Indenture with Consent of Bondholders..... | 39 |

**ARTICLE XIII**  
**MISCELLANEOUS**

|               |                                                       |    |
|---------------|-------------------------------------------------------|----|
| Section 13.01 | Sole Benefit of Parties and Bondholders.....          | 39 |
| Section 13.02 | Severability of Provisions .....                      | 40 |
| Section 13.03 | Notices .....                                         | 40 |
| Section 13.04 | Successors and Assigns .....                          | 41 |
| Section 13.05 | Counterparts .....                                    | 41 |
| Section 13.06 | Governing Law.....                                    | 41 |
| Section 13.07 | Payments Due on Saturdays, Sundays and Holidays ..... | 41 |
| Section 13.08 | No Liability on Issuer.....                           | 41 |
|               | SIGNATURES .....                                      | 42 |
|               | EXHIBIT A – SERIES 2015 A BOND FORM .....             | 43 |
|               | EXHIBIT B – SERIES 2015 B BOND FORM .....             | 52 |

**INDENTURE OF TRUST**

This INDENTURE OF TRUST (the "Indenture") dated as of October 28, 2015, by and between the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer" or "City"), and UNITED BANK, INC., as bond trustee (together with its successors hereunder, the "Trustee").

**WITNESSETH:**

WHEREAS, the Issuer owns in the City of Grafton, Taylor County, West Virginia, a critical access hospital known as "Grafton City Hospital" (such hospital, the site thereof, together with the buildings, improvements, fixtures, equipment and appurtenances thereto which are or were acquired or improved in part with the proceeds of the Bonds, the Prior Bonds or the Outstanding Obligations herein called the "Hospital") and has heretofore financed and refinanced the acquisition and construction of the Hospital and certain renovations, improvements and equipment therefore with several series of hospital revenue bonds, of which there are currently outstanding the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds");

WHEREAS, the Issuer has operated and continues to operate the Hospital through Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Board"), which is a West Virginia not for profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code;

WHEREAS, the Issuer has determined to: (i) undertake the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"), (ii) refund the Prior Bonds, (iii) refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. in the original principal amount of \$382,205.86 entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations") and (iv) pay existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"), and the Issuer has determined that such action will help to maintain or provide gainful employment and improve living conditions for the inhabitants of the City, will serve a public purpose of the Issuer by contributing to the prosperity, health and general welfare of the inhabitants of the City and will aid and assist in the provision of health care services in the community;

WHEREAS, pursuant to and in accordance with the provisions of Chapter 8, Article 16 (the "Revenue Bond Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act" and collectively with the Revenue Bond Act, the "Act"), the Issuer desires to issue

its Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture), in the aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and its Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture), in the aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Series 2015 Bonds") and has agreed to apply the net proceeds thereof to financing the costs of the Project, refunding the Prior Bonds, refinancing the Loan Obligation, paying the Federal Tax Obligations and paying costs of issuance of the Series 2015 Bonds and related costs;

WHEREAS, the current refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligations, the design, acquisition, construction and equipping of the Project, the issuance of the Bonds, the execution and delivery of this Indenture and matters relating thereto have been in all respects duly and validly authorized by the Amended and Restated Ordinance enacted by the Issuer on October 6, 2015 as the same has been supplemented pursuant to the Supplemental Resolution adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance"); and

WHEREAS, all Bonds issued under this Indenture will be secured by the trusts hereby created.

NOW, THEREFORE, the Issuer and the Board, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds issued hereunder and the performance and observance by the Issuer and the Board of all the covenants expressed herein and in such Bonds, do hereby irrevocably assign, grant, bargain, sell, convey, mortgage, pledge and grant a security interest in, to the Trustee, and to its successors in trust, as security for the performance of the obligations of the Issuer and the Board under this Indenture, the following (collectively, the "Trust Estate"): (a) the Net Revenues (as hereinafter defined), (b) all cash and securities held in the funds and accounts held in trust pursuant to this Indenture and (c) any and all additional property, assets and other security that may be granted by the Issuer or the Board to the Trustee from time to time for the purpose of further securing the repayment of the Bonds and the performance of the covenants herein contained to have and to hold, in trust upon the terms herein set forth, for the benefit, security and protection of all holders of such Bonds issued under and secured by this Indenture; and the parties hereto mutually covenant and agree, for the equal and proportionate benefit of the holders of such Bonds, as follows:

In addition to the foregoing Trust Estate, the Issuer and the Board hereby specifically recognize and reaffirm the effectiveness of the statutory mortgage lien upon the Hospital facilities created pursuant to Section 22 and other provisions of the Revenue Bond Act and the Deed of Trust on the Hospital facilities.

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal and redemption premium, if any, of such Bonds with interest, according to the provisions set forth in the Bonds and each of them or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby

granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release in respect of the trust estate as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer, its successors or assigns, all and singular the property, rights, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefore, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. In addition to the terms defined elsewhere herein, including the recitals hereto, and unless the context otherwise requires, the following terms shall have the following meanings:

"Act" means collectively, the Refunding Act and the Revenue Bond Act.

"Additional Bonds" means the additional parity bonds of the Issuer which may be issued pursuant to and subject to the restrictions set forth in Section 4.04 hereof.

"Architect" means the architect for the Project which has been engaged by the Board which shall be Thrasher Engineering, Inc., Bridgeport, West Virginia.

"Authorized Newspaper" means a newspaper of general circulation in the City and otherwise satisfying the requirements of applicable law.

"Board" means Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital.

"Bond" or "Bonds" means the Series 2015 Bonds together with any Additional Bonds issued from time to time hereunder.

"Bond Act" or "Revenue Bond Act" means Chapter 8, Article 16 of the West Virginia Code of 1931, as amended to the date hereof.

"Bond Commission" or "Commission" means the West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt bonds, and initially means Steptoe & Johnson PLLC, Bridgeport, West Virginia.

"Bondholder," "Holder," "Owner of Bonds," "Registered Owner" or any similar term means, initially, the Purchaser, and thereafter any other registered owner of any Bond or Bonds.

"Bond Register" means the books of the Issuer maintained by the Bond Registrar for the purpose of registering Bonds and the transfer of Bonds.

"Bond Registrar" or "Registrar" means the Trustee, or its successors as Bond Registrar.

"Bond 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 Bond Year shall begin on the Closing Date.

"Business Day" means a day other than a Saturday or Sunday and on which the principal corporate trust office of the Trustee is not required or authorized to remain closed and on which the New York Stock Exchange or the payment system of the Federal Reserve System is not closed.

"City" or "Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia, and where appropriate, includes the City Council and the Board.

"City Clerk" or "Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2015 Bonds for the initial advance of more than a de minimis amount of proceeds representing the purchase of Series 2015 Bonds by the Purchaser, or such other applicable meaning under the Code.

"Construction Fund" means the Construction Fund created pursuant to Section 5.01 of this Indenture.

"Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and any applicable Regulations and rulings thereunder. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision thereof.

"Costs" or "Project Costs" means all costs permitted to be financed under the provisions of the Act and incident to the design, acquisition, construction and equipping of the Project, all expenses incurred in connection with the issuance of the Bonds, including, but not limited to, compensation, fees and expenses of the Issuer, Registrar and Trustee, compensation to any financial consultants or underwriters, legal fees and expenses, costs of printing and engraving, recording and filing fees and costs of title insurance, if any, but only to the extent properly payable from the proceeds of the Bonds; any sums required to reimburse the Issuer for advances made by the Issuer for any of the above items or for any other costs incurred and for work done by the Issuer which are properly chargeable to the Project, and all other costs and expenses relating to the Project and properly payable from the proceeds of the Bonds.

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

"Debt Service Requirement" means, for any period of time, the aggregate of the payments to be made in respect of principal and interest on the Bonds during such period.

"Deed of Trust" means the Credit Line Deed of Trust by and between the Issuer and the trustee named therein for the benefit and security of the Purchaser in the repayment of the Series 2015 Bonds.

"Depository Bank" means Branch Banking and Trust Company, Grafton, West Virginia.

"Escrow Agent" means the Bond Commission, or any successor appointed by the Issuer under the Escrow Agreement.

"Escrow Agreement" means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and payment of the Prior Bonds, the Loan Obligation and the Federal Tax Obligations, the deposit therein of a portion of the proceeds of the Bonds, the disposition of moneys in the various funds and accounts for the Prior Bonds and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"Event of Default" means any of the events described as an Event of Default in Section 9.01 hereof.

"Federal Tax Obligations" means the existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities).

"Fiscal Year" means the twelve month period designated by the Issuer for financial reporting purposes, beginning on July 1 and ending on June 30 of each year, or such other 12-month period as may be determined in the future by the Issuer or pursuant to applicable law.

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), for the payment of which the full faith and credit of the United States of America is pledged.

"Gross Revenues" means all receipts, revenues, income and other moneys received by or on behalf of the Issuer or the Board as a result of the operation of, or relating to the Hospital, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles, or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Issuer or the Board relating to the Hospital; provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated or restricted at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Debt Service or not subject to pledge.

"Hospital" means the existing Grafton City Hospital, a critical access hospital, such hospital, the site thereof, together with the buildings, improvements, fixtures, equipment and appurtenances thereto which are or were acquired or improved in part with the proceeds of the Bonds, the Prior Bonds or the Loan Obligation, located in the City of Grafton, Taylor County, West Virginia, and presently owned by or through the City and operated by the Board.

"Indebtedness" means all obligations incurred or assumed by the Issuer or the Board or any other obligation for payment of principal and interest with respect to borrowed money in connection with the ownership or operation of the Hospital.

"Indenture" means this Indenture of Trust, as amended or supplemented from time to time.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including, but not limited to any or all of the following as applicable:

- (i) Purchaser's fees;
- (ii) Counsel fees, including Bond Counsel, Issuer's counsel, Board counsel, Purchaser's counsel, counsel for the Trustee, Registrar and Paying Agent and special tax counsel fees, as well as any other specialized counsel fees;
- (iii) Financial or municipal advisor fees;
- (iv) Rating agency fees;
- (v) Trustee fees;
- (vi) Trustee, Registrar, Paying Agent and certifying and authenticating agent fees related to issuance of the Bonds;
- (vii) Accountant fees;
- (viii) Printing costs of the Bonds and of any preliminary and final official statement;
- (ix) Publication costs associated with the financing proceedings; and
- (x) Costs of engineering and feasibility studies necessary to the issuance of the Bonds;

"Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State, and where appropriate, includes the Board.

"Issuer Representative" means the person or persons at the time designated to act on behalf of the Issuer in a written certificate furnished by the Issuer to the Trustee containing a specimen signature of such person or persons and signed by an officer of the Issuer.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated July 15, 2014, together with Amendment No. 1 to Letter of Conditions dated September 15, 2015, and all other amendments thereto, if any.

"Loan Obligation" means that certain Promissory Note, dated July 8, 2013 from the Board to JPMorgan Chase Bank, NA in the original aggregate principal amount of \$382,205.86.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" or "Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the Hospital, 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 of any project relating to the acquisition or construction of additions,

betterments or improvements for the Hospital), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Outstanding Obligations or the Bonds, 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.

"Opinion of Counsel" means an opinion of counsel (who may be Bond Counsel, counsel to the Issuer or counsel to the Board) satisfactory to the Trustee.

"Ordinance" means the amended and restated ordinance of the Issuer finally enacted October 6, 2015, as Supplemented by the Supplemental Resolution adopted by the Issuer on October 6, 2015, authorizing the execution and delivery of this Indenture, the design, acquisition, construction equipping and financing of the Project, the refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligation, the issuance of the Bonds and other matters in connection therewith.

"Outstanding," "Bonds outstanding" or any similar term, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, all Bonds which have been theretofore authenticated and delivered by the Trustee under this Indenture, except:

- (A) Bonds canceled or required to be canceled by the Trustee at or prior to such date;
- (B) Bonds for the full payment of the principal of, and interest on, which cash shall have been theretofore deposited with the Trustee and which (i) shall have been matured by their terms but shall not have been surrendered for payment or (ii) shall have been purchased by the Trustee but shall not have been presented for payment;
- (C) Bonds in lieu of which others have been authenticated and delivered.

"Paying Agent" means the Bond Commission or its successors and assigns, and any co-paying agent appointed hereunder.

"Permitted Encumbrances" means, as of any particular time, (i) this Indenture, the Deed of Trust and the statutory mortgage lien securing the Bonds pursuant to the Revenue Bond Act; (ii) liens, security interests and encumbrances securing Permitted Indebtedness on a parity basis with the Bonds, to the extent permitted by this Indenture; (iii) liens, security interests or encumbrances by the terms thereof subject and subordinate to this Indenture; (iv) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially interfere with or materially impair the operation of the Hospital; (v) liens arising by reason of good faith deposits with or by the Issuer in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Issuer to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (vi) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Issuer to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance,

pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; (vii) any judgment lien or notice of pending action against the Issuer so long as such judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleadings has not lapsed; (viii) any lien representing statutory rights of the United States of America by reason of Federal funds made available under 42 U.S.C. §291 et seq. and similar rights under other Federal and state statutes; (ix) leases which relate to portions of the Hospital and which are customarily the subject of such leases, such as office space for physicians and educational institutions, food service facilities, gift shops, bank teller machines, and radiology, pharmacy and similar departments, or other leases entered into in accordance with the disposition of property provisions of this Indenture; (x) liens for taxes and assessments which are not then delinquent, or if then delinquent, which are being contested; (xi) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested; (xii) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Hospital and which do not materially adversely affect the value of, or materially impair, the Hospital, as evidenced by an Opinion of Counsel to the effect that such minor defect or irregularity does not materially adversely affect the value of, or materially impair, the Hospital; (xiii) zoning laws and similar restrictions which are not violated by the Hospital; (xiv) conditional sales agreements and leases entered into in connection with the incurrence or assumption of Permitted Indebtedness; and (xv) purchase money security interests created in Personal Property or equipment owned or to be owned or leased by the Issuer or the Board with respect to or in connection with the Hospital facility.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a limited liability company, a governmental body, and any other political subdivision, municipality or any other group or entity.

"Personal Property" means that property constituting a part of the Hospital other than real property.

"Prior Bonds" means the Issuer's Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000.

"Project" means the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility which are being financed with proceeds of the Series 2015 Bonds.

"Purchase Price," for the purpose of computation of the Yield of the Bonds shall have the meaning set forth in the Code.

"Purchaser" or "Government" means the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, and any successor thereof.

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

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 therefore; 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; and

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

"Redemption Date" means the date fixed for prepayment or redemption of any of the Bonds, the Prior Bonds or the Loan Obligation subject to prepayment or redemption in any notice of prepayment or redemption published or mailed in accordance herewith.

"Refunding Act" means Chapter 13, Article 2E, of the West Virginia Code of 1931, as amended to the date hereof.

"Registrar" or "Bond Registrar" means initially, the Trustee, or any other entity so designated as registrar for the Bonds from time to time by the Issuer.

"Regulations" means temporary and permanent regulations promulgated under the Code, which may be applicable from time to time.

"Reserve Account" means the Reserve Account created by Section 5.01 hereof.

"Reserve Requirement" means the amount of \$156,960 with respect to the Series 2015 A Bonds and the amount of \$34,008 with respect to the Series 2015 B Bonds.

"Revenue Bond Act" means Chapter 8, Article 16 of the West Virginia Code of 1931, as amended to the date hereof.

"Revenue Fund" means the Revenue Fund created by Section 5.01 hereof.

"Series 2015 Bonds" means, collectively, the Series 2015 A Bonds together with the Series 2015 B Bonds.

"Series 2015 A Bonds" means the Hospital Refunding and Improvement Revenue Bonds, Series 2015 A, issued by the Issuer pursuant to this Indenture in the aggregate principal amount of \$2,999,930.

"Series 2015 B Bonds" means the Hospital Refunding and Improvement Revenue Bonds, Series 2015 B, issued by the Issuer pursuant to this Indenture in the aggregate principal amount of \$650,000.

"State" means the State of West Virginia.

"Subordinated Indebtedness" means Indebtedness which is subordinated to payments with respect to principal, premium, if any, and interest on the Bonds by subordination provisions reasonably satisfactory to the Trustee.

"Supplemental Resolution" means any ordinance or resolution amendatory or supplemental to the Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth certain terms of the Bonds, authorizing the sale of the Bonds to the Purchaser, specifying the Outstanding Obligations to be refinanced and related matters; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Trustee" means United Bank, Inc., with a corporate trust office located in Charleston, West Virginia, and any successors thereto at any time serving as trustee or co-trustee under the Indenture.

Unless the context shall otherwise indicate, words importing the singular shall include the plural, words importing persons shall include firms, associations and corporations, and vice versa, words importing the masculine, feminine and neuter gender shall be deemed to include all such genders and the terms "hereof," "hereby," "hereto," "hereunder" and "herein" shall refer to this Indenture.

Section 1.02. Findings and Determinations. The Issuer hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia which owns the Hospital facility and operates and maintains the same through the Board.

B. The Project shall be designed, acquired, constructed and equipped at an estimated cost of approximately \$1,764,180 in accordance with the plans and specifications prepared therefore by the Architect.

C. The Prior Bonds, the Loan Obligation and the Federal Tax Liabilities shall be redeemed and repaid in full with a portion of the proceeds of the Bonds.

D. The Issuer shall issue the Series 2015 A Bonds in an aggregate principal amount of \$2,999,930 and the Series 2015 B Bonds in an aggregate principal amount of \$650,000 and apply the proceeds thereof to currently refund and redeem in full the Prior Bonds and the Loan Obligation, to pay the Federal Tax Liabilities and pay costs of the Project.

E. The Hospital shall be owned by or through the City and operated and maintained by the Board pursuant to the Charter of the City.

F. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions.

## ARTICLE II

### THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. Subject and pursuant to the provisions of this Indenture, the Bonds of the Issuer, to be known as "City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$2,999,930 and the Bonds of the Issuer to be known as "City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$650,000 for the purposes of (i) financing the current refunding and repayment in full of the Prior Bonds, (ii) financing the refinancing and repayment in full of the Loan Obligation, (iii) paying the Federal Tax Obligations, (iv) paying costs of the design, acquisition, construction and equipping of the Project and (v) paying costs of issuance of the Series 2015 Bonds. The aggregate principal amount of Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture shall not exceed \$3,649,930 without the consent of all of the Bondholders. At the expense of the Bondholder requesting such exchange, the Bonds may be exchanged for Bonds of like series of denominations of \$5,000 or integral multiples thereof.

Section 2.02. Issuance and Delivery of Bonds. The Series 2015 Bonds shall be issued in the aggregate principal amount of \$3,649,930. The Series 2015 Bonds shall be dated their date of delivery, shall be issued only as fully registered Bonds, shall bear interest at the rates per annum, shall have principal and interest installment payment dates and shall mature as follows:

(A) The Series 2015 A Bonds shall bear interest at the fixed annual percentage rate of 3.25% from the date of delivery of such Series 2015 A Bonds and continuing to and including October 28, 2045, which shall be the final maturity date of such Series 2015 A Bonds (the “Maturity Date”).

The Series 2015 B Bonds shall bear interest at the fixed annual percentage rate of 3.25% from the date of delivery of such Series 2015 B Bonds and continuing to and including October 28, 2045, which shall be the final maturity date of such Series 2015 B Bonds.

(B) Interest shall be computed on the basis of a year of 365 days payable for the actual number of days elapsed during any portion of a month.

(C) The principal amount of the Series 2015 A Bonds, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in equal amortizing monthly installments of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on the Maturity Date, except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the Bond form attached hereto as **Exhibit A**.

The principal amount of the Series 2015 B Bonds, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in equal amortizing monthly installments of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on the Maturity Date, except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The Series 2015 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the Bond form attached hereto as **Exhibit B**.

(D) The Issuer shall execute and the Trustee shall authenticate and deliver the Bonds, as may be directed by the Issuer, upon the filing with the Trustee of the following:

(i) Certified copies of the Ordinance of the Issuer authorizing the issuance of the Series 2015 Bonds and the execution and delivery of this Indenture;

(ii) An executed counterpart of this Indenture;

(iii) A request and authorization to the Trustee by the Issuer, signed by the Mayor and City Manager of the Issuer, to authenticate and deliver the Series 2015 Bonds to the Purchaser therein identified upon payment to the Depository Bank for deposit into the Construction Fund of the sum of \$1,779,800, for the account of the Issuer, which sum shall constitute the initial advance of the purchase price of the Series 2015 A Bonds together with the entire aggregate principal amount of the Series 2015 B Bonds;

(iv) An approving legal opinion of Bond Counsel; and

(v) Such other documents, resolutions or other materials as may be required by the Trustee or the Purchaser.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Mayor and City Manager and attested with the manual or facsimile signature of its City Clerk and shall have affixed, imprinted or otherwise reproduced thereon a facsimile of the corporate seal of the Issuer. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication. All Bonds shall have endorsed thereon a certificate of authentication and registration duly executed by the Trustee. No Bond shall be valid or entitled to any security or benefit under this Indenture unless and until such certificate of authentication and registration shall have been duly executed manually by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication and registration on any Bond shall be deemed to have been executed by it if signed by an authorized officer, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds. (A) The Series 2015 A Bonds and the Trustee's certificate of authentication and registration shall be substantially in the form set forth in **EXHIBIT A - BOND FORM**, attached hereto and incorporated herein by reference, with such variations, omissions and insertions as may be authorized by the Issuer, the execution and delivery of such Series 2015 A Bonds by the City Manager and Mayor of the Issuer being conclusive evidence of the approval of such variations, omissions and insertions by the Issuer. The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the attached Bond form.

(B) The Series 2015 B Bonds and the Trustee's certificate of authentication and registration shall be substantially in the form set forth in **EXHIBIT B - BOND FORM**, attached hereto and incorporated herein by reference, with such variations, omissions and insertions as may be authorized by the Issuer, the execution and delivery of such Series 2015 B Bonds by the City Manager and Mayor of the Issuer being conclusive evidence of the approval of such variations, omissions and insertions by the Issuer. The Series 2015 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the attached Bond form.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute, and the Trustee shall, with the consent of the Issuer, authenticate and deliver, in lieu of any such mutilated, lost, stolen or destroyed Bond, a new Bond of like tenor and denomination as the Bond mutilated, lost, stolen or destroyed. Provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and canceled, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence to its satisfaction of such loss, theft or destruction together with such security or indemnification as may be required by the Issuer, and the Trustee to save them and any Paying Agent harmless. In the event any such Bond shall have matured, the Trustee may, instead of issuing a substitute Bond, pay the same from amounts held in the Sinking Fund created with respect to such Bond and available for purposes of such payment. The Trustee may charge the holder or owner of such Bond with its reasonable fees and expenses in this connection.

Section 2.07. Bond Registrar. The Trustee shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe,

register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the United States of America, an individual (including joint ownership), a corporation, a limited liability company, 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, limited liability company 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 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America acting through the Rural Housing Service. So long as the Bonds shall be registered in the name of the United States of America acting through the Rural Housing Service, the address for registration purposes shall be 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 2.08. Paying Agent. The Commission is hereby appointed as Paying Agent for the Bonds.

Section 2.09. Transfer, Registration of Transfer and Exchange. Bonds shall be transferable only by transfer of registration upon the Bond Register, which shall be established and maintained by the Registrar on behalf of, and as agent of, the Issuer. After initial registration, no registration of transfer thereof shall be valid unless made on the Bond Register at the written request of the registered owner or his or its duly authorized attorney or legal representative and similarly noted on such Bond. Upon the transfer of registration of any Bond and the surrender of the old Bond, the Issuer shall issue a new bond to the transferee in the principal amount of such Bond then outstanding, otherwise subject to the terms, rate of interest, provisions for payment and other terms and conditions set forth herein. No interests in any Bond shall be transferable except by means of registration of transfer of a Bond representing such interest in accordance with this Section 2.09.

No registration of transfer of the Bonds shall be permitted to be made after the 15<sup>th</sup> day next preceding any installment payment date on the Bonds.

Section 2.10. Fees. For every exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith shall be paid by the Holder requesting such exchange or transfer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered owner of any Bond, as the absolute owner of such Bond for the purpose of receiving payment of principal thereof, and stated interest thereon, or on account thereof and for all other purposes whether or not such Bond is overdue.

Section 2.11. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and deliver, and the Trustee shall authenticate, subject to the same provisions, limitations and conditions set forth above, one or more printed, lithographed or typewritten bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in

definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Trustee and the Trustee shall authenticate and deliver, in exchange therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Trustee without making any charge therefore to the holder of such Bond in temporary form.

Section 2.12. Cancellation. All Bonds which have been redeemed and all registered Bonds which have been surrendered to the Trustee in an exchange or transfer shall be canceled and destroyed by the Trustee and shall not be reissued. Counterparts of the certificate of destruction shall be furnished by the Trustee to the Issuer.

Section 2.13. Limited Obligations. The Bonds shall be limited obligations of the Issuer. The Bonds shall be payable solely out of the Net Revenues derived from, or in connection with, the operation of the Hospital, certain funds on deposit with the Commission or the Depository Bank in connection with the Bonds from time to time as herein provided and the proceeds of any foreclosure sale under the Deed of Trust as herein provided. The Bonds shall never constitute an indebtedness of the State of West Virginia, the Issuer or the Board within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the State of West Virginia, the Issuer or the Board. Neither shall the Bonds be a charge against the general credit or taxing power, if any, of the State of West Virginia, the Issuer or the Board.

Section 2.14. Pledge of Net Revenues. The payment of the principal of and interest on the Bonds shall be secured equally and ratably with each other by a lien on and pledge of the Net Revenues of the Hospital. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds, all required payments to the Reserve Account for the Bonds, and all other costs and expenses in connection with the Bonds, including but not limited to all costs incurred in the exercise of remedies provided pursuant to this Indenture upon the occurrence of any Event of Default pursuant to this Indenture are hereby irrevocably pledged by the Issuer and the Board to such payments as they become due. Notwithstanding anything in this Indenture or otherwise to the contrary, all Gross Revenues shall first pass through or be deposited in an account over which the Issuer or the Board, as applicable, has sole dominion and control. In furtherance of the foregoing, except to the extent permitted by law, none of the receivables from Medicare or Medicaid are intended to be "assigned" to the Trustee or any Bondholders.

### ARTICLE III

#### AUTHORIZATION OF PROJECT; REFUNDING OF PRIOR BONDS; REFINANCING OF LOAN OBLIGATION; PAYMENT OF FEDERAL TAX OBLIGATIONS

Section 3.01. Authorization of Design, Acquisition, Construction and Equipping of the Project. There is hereby authorized the design, acquisition, construction and equipping of the Project at an estimated cost of approximately \$1,764,180 in accordance with the plans and specifications which have been prepared by the Architect and which are on file in the offices of the Board. The Board shall undertake the design, acquisition, construction and equipping of the Project and shall be the party to the construction contracts for such Project.

Section 3.02. Authorization of Refunding of Prior Bonds. All Prior Bonds Outstanding as of the date of issuance of the Bonds are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of revenues in favor of the Holders of such Prior Bonds imposed by the ordinance and Indenture of Trust pursuant to which the Prior Bonds were issued, the moneys in the funds and accounts thereunder and any other funds pledged thereto or liens created thereby are hereby ordered

terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 2015 Bonds, together with other moneys available therefore, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Prior Bonds and (b) an amount of money which will either remain uninvested or be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, to provide for the payment of the principal, premium and interest accrued on the Prior Bonds as of the redemption date therefore, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Bond proceeds into the Escrow Fund, the amounts on deposit in the reserve account, and all other funds and accounts created and maintained on behalf of the Prior Bonds shall be deposited in the Escrow Fund or such other fund or account as shall be set forth in the Escrow Agreement, and either held uninvested or be invested in Government Obligations as provided in the Escrow Agreement and this Indenture.

Section 3.03. Authorization of Refinancing of the Loan Obligation. The Loan Obligation as of the date of issuance of the Bonds is hereby ordered to be repaid in full pursuant to the terms of the Escrow Agreement, and the liens and pledges in favor of the holder of the Loan Obligation are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Bonds, together with other moneys available therefore, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Loan Obligation and (b) an amount of money which will either remain uninvested or be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, to provide for the payment of the principal, premium and interest accrued on the Loan Obligation as of the redemption date therefore, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Bond proceeds into the Escrow Fund, the amounts on deposit in any funds and accounts created and maintained on behalf of the Loan Obligation shall be deposited in the Escrow Fund or such other fund or account as shall be set forth in the Escrow Agreement, and either held uninvested or be invested in Government Obligations as provided in the Escrow Agreement and this Indenture.

Section 3.04. Authorization of Payment of Federal Tax Obligations. The Federal Tax Obligations as of the date of the issuance of the Bonds are hereby ordered to be paid in full pursuant to the terms of the Escrow Agreement, and the liens and pledges of the Internal Revenue Service are hereby ordered terminated, discharged and released upon the payment of the Federal Tax Obligations to the Internal Revenue Service from the proceeds of the Bonds.

Section 3.05. Authorization of Payment of Issuance Costs. There is hereby authorized to be paid from proceeds of the Bonds deposited into the Construction Fund held by the Depository Bank, the Issuance Costs.

#### ARTICLE IV

##### GENERAL COVENANTS AND PROVISIONS

Section 4.01. Payment of Bonds. The Issuer covenants that it will promptly pay or cause to be paid, but solely from the Net Revenues, the principal of and interest on every Bond issued under this Indenture on the date and in the manner provided herein and in said Bonds according to the true intent and meaning thereof.

Section 4.02. Performance of Covenants. The Issuer covenants that it will at all times comply with all provisions contained in this Indenture, in any Bond, and in all proceedings pertaining thereto. The Issuer warrants that it is duly authorized under the Constitution and laws of the State of

West Virginia, including particularly and without limitation, the Act, to issue and sell the Bonds authorized hereby and to execute and deliver this Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the holder thereof are and will be valid and enforceable special obligations of the Issuer.

Section 4.03. Inspection of Hospital Books. The Issuer by and through the Board will keep books and records of the Hospital, 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 Hospital and the Net Revenues of the Hospital and such books and records shall at all times be open to inspection by the Trustee and the Purchaser or such accountants, agencies or consultants as the Trustee or the holders of at least 25% of the outstanding Bonds may from time to time designate.

Section 4.04. Additional Bonds. At the request of the Issuer, Additional Bonds of the Issuer ranking on a parity with the Bonds may be issued under and secured by this Indenture, to the extent permitted by law then in effect, at any time and from time to time, to pay the cost of (a) additions, renovations and improvements to the Hospital, (b) restoring or repairing the Hospital following any condemnation thereof or damage thereto to the extent the net proceeds of any insurance or condemnation award are insufficient to pay same, (c) acquiring equipment or fixtures for the Hospital, (d) refunding all or part of the Bonds or other borrowings with respect to the Hospital, or (e) any combination of the foregoing, provided however, that Additional Bonds may not be issued unless, prior to issuance of such Additional Bonds, the Trustee has first received the written consent of all Bondholders to the issuance of such Additional Bonds.

Section 4.05. Permitted Indebtedness. Except as may be otherwise consented to in writing by 100% of the Bondholders, the Issuer and the Board will not incur, permit, guaranty or assume any indebtedness relating to the Hospital other than Indebtedness consisting of the following:

- A. Indebtedness existing or contracted for on or prior to the date of delivery of the Series 2015 Bonds;
- B. Liabilities under operating contracts and operating leases;
- C. Liabilities incurred by way of endorsement for collection or deposit of checks or drafts or commercial paper received by the Issuer or Board in the ordinary course of its operations;
- D. Indebtedness incurred to provide improvements secured solely by grants, gifts, bequests, contributions or other donations not in the nature of payment for services, or by property of the Issuer or the Board other than the Hospital, and that is specifically pledged by the Issuer or the Board for such purpose;
- E. Indebtedness to a bank or banks or other lending institution for borrowed money for working capital purposes, which shall be payable no more than 365 days from the date of such borrowing and which shall be unsecured except that such indebtedness may not exceed the principal sum of \$250,000 as of the date of the incurrence, which indebtedness may be secured solely by a security interest in and pledge of the accounts receivable derived from the operation of the Hospital or inventory, or such indebtedness may be secured solely by pledges, donations, gifts, grants, bequests or contributions;
- F. Indebtedness incurred or assumed to acquire or improve property (other than current assets) and for capitalized leases; provided, that at the time of issuance thereof and after giving effect thereto, the amount of such indebtedness which, when taken, plus the indebtedness permitted to be

incurred by subsection E above, shall not exceed 20% of the Gross Revenues in the aggregate as shown on or calculable from the audited financial statements of the Board for the latest completed Fiscal Year; or

G. Subordinated Indebtedness.

Section 4.06. Covenant on Maintenance of Hospital. The Issuer agrees that as long as any of the Bonds are Outstanding, it will keep the Hospital in good condition, repair and working order (ordinary wear and tear excepted), making all repairs and replacements thereto, and operate the Hospital in a sound and economical manner.

Section 4.07. Compliance with Laws. The Issuer shall, throughout the term of this Indenture, promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Hospital or to the repair and alteration thereof, or to the use or manner of use of the Hospital. Notwithstanding the foregoing, the Issuer shall have the right to contest the legality of any such law, ordinance, order, rule, regulation or requirement as applied to the Hospital, provided that such contest shall not in any way materially adversely affect or impair the rights or obligations of the Issuer under this Indenture or materially adversely affect or impair the security interest of the Trustee under this Indenture and the Issuer shall cooperate to the extent necessary with the Trustee in any such contest.

Section 4.08. Taxes and Assessments. Subject to good faith contests, the Issuer shall pay all lawfully assessed taxes and assessments, general and specific, if any, levied and assessed on the Hospital during the term, and all utility charges, assessments, and other governmental charges and impositions whatsoever, foreseen and unforeseen.

Section 4.09. Rate Covenant. The Issuer covenants that, during each Fiscal Year, it will, to the extent permitted by applicable law and regulations, charge rates, fees and charges for the provision of services by the Hospital sufficient, together with other available moneys, (i) to produce Net Revenues in an amount at least equal to 110% of the Debt Service Requirements for such Fiscal Year, and (ii) together with any other moneys that shall be available to the Issuer, to enable the Issuer to discharge the obligations relative to the Hospital as they shall become due and payable for such Fiscal Year. The Issuer covenants that, in the event that Net Revenues are less than the requirement set forth in this Section, the Issuer will employ a Consultant acceptable to the Trustee to examine the rates, fees and charges of the Issuer with respect to the Hospital facility and the method of operation of the Hospital and to make such recommendations as such Consultant believes appropriate to enable such rate covenant to be complied with as nearly as may be possible, and the Issuer further agrees to comply with such recommendations to the extent feasible.

The foregoing provisions notwithstanding, if in any Fiscal Year the Net Revenues are less than required by the rate covenant described above, the Trustee shall not be obligated to require the Issuer to retain such a Consultant to make such recommendations if: (a) there is filed with the Trustee a written report addressed to it of such a Consultant (which report, including without limitation, the scope, form, substance and other aspects thereof, is acceptable to the Trustee) which contains an opinion of such Consultant that applicable laws or regulations have prevented the Issuer from generating Net Revenues during such Fiscal Year in an amount sufficient to comply with such rate covenant and, if requested by the Trustee, such report is accompanied by a concurring opinion of counsel not regularly employed by the Issuer (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Trustee) as to any conclusions of law supporting the opinion of such Consultant; and (b) the ratio of Net Revenues during such Fiscal Year to such Debt Service Requirement (including Subordinated Indebtedness for this purpose) was at least 1:1. The Issuer shall not be required

to cause the Consultant's report referred to in this paragraph to be prepared more frequently than once every 2 Fiscal Years if at the end of the first of such 2 Fiscal Years the Issuer provides to the Trustee an opinion of counsel not regularly employed by the Issuer (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Trustee) to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

Section 4.10. Hazardous Waste. In addition to and without limitation of all other representations, warranties and covenants made by the Issuer hereunder, the Issuer further represents, warrants and covenants it has not used Hazardous Materials (as hereinafter defined) on, from, or affecting the Hospital in any manner which violates federal, state or local laws, ordinances, rules, or regulations, governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, in a manner that would create a material adverse effect on the Hospital, and that, to the best of the Issuer's knowledge, no prior owner of the Hospital or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Hospital in any manner which violates or did violate existing applicable federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except for violations that would not create a material adverse effect on the Hospital. Without limiting the foregoing, the Issuer shall not cause or permit the Hospital or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in substantial compliance with all applicable federal, state and local laws, ordinances, rules or regulations, nor shall the Issuer cause or permit, as a result of any intentional or unintentional act or omission on the part of the Issuer or any tenant or subtenant, an unremediated release of Hazardous Materials onto the Hospital or onto any other property that would create a material adverse effect on the Hospital. The Trustee is aware that the Issuer provides healthcare services which necessitate the use, generation, storage, handling and disposal of Hazardous Materials, including Hazardous Waste and medical waste. The Issuer shall substantially comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Issuer shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by a governmental authority under an applicable statute or regulation necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Hospital in accordance with all applicable federal, state and local laws, ordinances, rules, and regulations. In addition, the Issuer shall defend, indemnify, and hold harmless the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Hospital, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Hospital; and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to such Hazardous Materials, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For the purposes of this paragraph, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes or hazardous or toxic substances defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other applicable federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph

shall be in addition to any and all other obligations and liabilities the Issuer may have to the Trustee at common law, and shall survive the termination of this Indenture.

The indemnifications and protections set forth in this Section 4.10 shall be extended, with respect to the Issuer, to its members, directors, officers, employees, agents, officials and servants and persons under the Issuer's control or supervision, and with respect to the Trustee, to any of its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

Anything to the contrary in this Indenture notwithstanding, the covenants of the Issuer contained in this Section 4.10 shall remain in full force and effect after the termination of this Indenture until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) the payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer or the Trustee relating to the enforcement of the provisions herein specified.

Section 4.11. ERISA Covenant. The Issuer will not terminate any ERISA Plan in a manner which could result in the imposition of a lien on the property of the Issuer pursuant to Section 4068 of ERISA and it will notify the Trustee within 15 days after the happening of any "Reportable Event" with respect to any ERISA Plan, as such quoted term is defined in Section 4043 of ERISA, and, in any event, at least 5 days prior to any notification of such "Reportable Event" given to the Pension Benefit Guaranty Corporation pursuant to the terms of such Section 4043.

Section 4.12. Insurance Coverage and Terms. A. The Issuer hereby covenants and agrees that it will, as an expense of construction of the Project and the operation and maintenance of the Hospital, procure, carry and maintain, or cause to be procured, carried and maintained by the Board, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(1) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor and from the date of issuance with respect to the remaining Hospital facilities, on all above-ground structures of the Hospital and the machinery and 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 Hospital, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion or redemption of the Bonds. 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 design, acquisition, construction and equipping of the Project in the full insurable value. The Issuer agrees to list the Purchaser as a lien holder on such policies as "United States of America acting through the Rural Housing Service or its Successor Agency, 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505."

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

(3) Workers' Compensation Coverage for All Employees of the Issuer 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 Taylor 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.

(4) Medical Malpractice, in an amount not less than \$500,000 for one person and not less than \$1,000,000 for any aggregate amount of claims and, in addition, as is adequate in the judgment of the Issuer to protect the Issuer and the Hospital and its operations.

(5) Fidelity Bonds, will be provided as to every officer and employee having custody of any Net Revenues of the Hospital or of any revenues or other funds of the Hospital in an amount at least equal to one annual installment on the Bonds. During construction of the Project such fidelity bond coverage shall be in an amount at least equal to the maximum amount of funds to be under the control of such individual at any one time.

Notwithstanding the foregoing, the Issuer shall be permitted to make modifications to the foregoing liability insurance requirements and deductible amounts, including without limitation self-insurance and participation in mutual insurance arrangements, in accordance with any recommendations of an Independent Insurance Consultant. In making its decision to permit such modifications, the Independent Insurance Consultant shall consider the policies of insurance carried by hospitals of a size and character similar to the Hospital, the availability of insurance, the terms upon which insurance is available and the cost of available insurance; and the Independent Insurance Consultant shall also consider the effect of such terms and such rates upon the Hospital's costs and charges for its services. The Issuer shall pay any fees charged by such Independent Insurance Consultant and prior to the effective date of modification of insurance requirements shall give written notice to the Trustee as to the making and effective date of any modifications and shall furnish to the Trustee a copy of the report of the Independent Insurance Consultant relating thereto. If the Issuer does not agree with the recommendations of the Independent Insurance Consultant, it may, with the consent of the Trustee, employ another Independent Insurance Consultant to make the recommendations required by this Section.

If the Issuer shall decide to establish a self-insurance program, such program shall be acceptable to the West Virginia Department of Health and Human Services if required (or any successor Federal or state agency) in connection with the Medicare and Medicaid reimbursement programs or any other government program providing similar benefits. In addition, the Issuer shall file annually with the Trustee a report of an Independent Insurance Consultant setting forth his recommendations, if any, as to actions which are required in his opinion to assure that any such self-insurance program is funded and maintained in a manner which assures the actuarial soundness of the program. The Issuer shall take such action at the earliest practicable time to comply with the recommendations contained in such report.

B. The Issuer agrees that such insurance coverage shall be maintained with financially sound and reputable insurers, qualified to do business in the State and not objected to by the Trustee, and all such policies and the forms thereof shall be acceptable to the Trustee. These insurance requirements for the Hospital may be included under respective blanket insurance policies covering all operations of the Issuer. The insurance referred to in subparagraph A above shall name the Issuer and the Trustee as additional insureds as their respective interests may appear. The insurance referred to in subparagraph A(1) above shall provide that any losses payable thereunder in excess of \$100,000 with respect to the insurance referred to in subparagraph A(1) shall be payable to the Trustee. If the Issuer is the payee, or one of the payees, of any check or other instrument representing payment of any insurance proceeds referred to in subparagraph A(1) above and payable to the Trustee, as aforesaid, the Issuer will endorse the same to the order of the Trustee and deliver the same to the Trustee; and if the Issuer fails to do so, the Issuer hereby irrevocably authorizes any officer or employee of the Trustee to endorse and

deliver the same as the Issuer's attorney-in-fact. The policies for the insurance required by this Section 4.13 shall not, to the extent available, be cancellable without at least 30 days written notice to the Trustee. The Issuer covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery upon the aforesaid insurance policies.

C. All policies and certificates of insurance required hereby shall be open to inspection by the Trustee at all reasonable times. Certificates of insurance describing such policies shall be furnished by the Issuer to the Trustee at or prior to the delivery of the Bonds, and a complete list describing such policies and certificates as of January 1 of each year and, if any change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be immediately furnished to the Trustee by the Issuer. In the event that the Issuer fails to maintain any insurance as provided in this Section 4.12, the Trustee may (but shall be under no obligation to), upon such notice to the Issuer as is reasonable under the circumstances, procure and maintain such insurance, and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Issuer to the Trustee, which amounts, together with interest thereon at the interest on the Bonds, the Issuer agrees and covenants to pay and such payments and interest shall be considered to be additional indebtedness secured hereby and assigned to the Trustee under the Indenture.

Section 4.13. Insurance Proceeds. A. CASUALTY INSURANCE. Immediately after occurrence of loss or damage covered by insurance required under Section 4.12A(1) hereof, the Issuer shall immediately notify the Trustee of such event and shall remit such proceeds required to be paid to the Trustee to be held by the Trustee in an appropriately designated fund. Thereafter, the Issuer shall determine and advise the Trustee in writing, within 60 days of the occurrence of such loss or damage, whether it is practicable to repair, reconstruct or replace such damaged or destroyed property, and the estimated time required for such repair, reconstruction or replacement. The Issuer may apply the proceeds at its discretion either to the repair, reconstruction or replacement of such damaged property or to the prepayment of the Bonds in accordance with the terms hereof. In the event of an election by the Issuer not to repair, reconstruct or replace the damaged property, the Issuer will promptly (but in no event more than 60 days after such damage or destruction) inform the Trustee in writing of its decision to not rebuild and such proceeds shall be transferred to the Revenue Fund and the Bonds and the interest thereon shall become payable on the first payment date thereafter following receipt of such written notice and more than 60 days after such event. Notwithstanding any other provision in this Indenture or the Bonds, in the event that the Bonds or any part thereof are prepaid pursuant to this Section 4.13, no prepayment penalty shall be applicable and, notwithstanding the foregoing or any other provision in this Indenture to the contrary, in no event shall such proceeds be applied to the prepayment of Bonds unless the Bonds are then redeemable in accordance with the terms of this Indenture and the Bonds, including, without limitation, giving due regard to the time necessary for giving all notices of redemption thereunder. In the event that the Issuer elects to repair, reconstruct or replace the damaged property the Issuer shall promptly proceed to repair, reconstruct and replace such part of the Hospital to its original condition or a condition of at least equivalent value, immediately prior to such event, insofar as possible. The moneys required for such repair, reconstruction and replacement shall be paid from: (i) the net proceeds of insurance received by reason of such occurrence which net proceeds (after deducting any reasonable expenses incurred by the Issuer or the Trustee in collecting the same) shall be transferred to a renewal fund with the Trustee and disbursed in accordance with a requisition procedure established by the Trustee in its reasonable discretion; and (ii) to the extent such insurance proceeds are not sufficient, from moneys to be provided by the Issuer. Notwithstanding the foregoing or anything herein to the contrary, any amounts relating to such proceeds required to be rebated to the United States pursuant to Section 148(f) of the Code shall be paid in the time and manner required under the Code.

B. LIABILITY AND OTHER INSURANCE. The proceeds of all comprehensive general liability, owner's liability insurance, worker's compensation insurance and other insurance

required by Sections 4.12 and 4.13 hereof, which may be received by the Issuer shall be applied by the Issuer to the payment of any judgment, settlement or liability incurred for risks covered by such insurance, and such proceeds required to be payable to the Trustee shall be deposited in the Revenue Fund and if required by the Trustee, applied to the payment of principal and/or interest on the Bonds.

Section 4.14. City Acting Through Board. The City hereby covenants and agrees that so long as any of the Bonds are outstanding, the City will manage, administer, operate and maintain the Hospital solely through the Board and that the City will not interfere in any way with the Board in performance of its duties. It is expressly hereby represented by the City in the issuance of the Bonds that the Hospital will be free from political control and supervision so long as any of the Bonds are outstanding. All covenants hereof which require action by the City shall be deemed to mean that the City will act through the Board insofar as such action may lawfully be taken by the Board under the laws of the State.

Section 4.15. Additional Representations and Covenants. A. The estimated economic life of the Hospital is not less than 30 years.

B. The estimated revenues to be derived in each year after the date hereof from the operation of the Hospital shall be sufficient, upon refunding and defeasance of the Prior Bonds and the refinancing of the Loan Obligation, to provide for the repair, maintenance and operation of the Hospital, the payment of the principal of and interest on all Bonds issued hereunder and all payments into the Sinking Fund and the Reserve Account, as hereinafter provided, and to make all other payments provided for in this Indenture.

C. One of the purposes of issuing the Bonds for the purposes of refunding of the Prior Bonds, refinancing the Loan Obligation and paying the Federal Tax Obligations is to effect the release, termination or modification of liens, restrictions, covenants, conditions or limitations imposed by the Prior Bonds and the Loan Obligation.

D. It is in the best interest of the Issuer, and the residents thereof, that the Issuer issue the Bonds and secure the Bonds by a pledge and assignment of the Net Revenues derived from the operation of the Hospital, and all the moneys in the funds and accounts as further set forth herein.

E. All things necessary to make the Bonds, when authenticated by the Registrar and issued as in this Indenture provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Bonds, and to comply with the limitations imposed by the Bond Act and the Refunding Act upon the issuance of the Bonds have been timely met, done and duly performed.

F. The execution and issuance of the Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

## ARTICLE V

### FUNDS AND ACCOUNTS; REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Revenue Fund and Construction Fund. The Revenue Fund and Construction Fund are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other and the

funds on deposit therein from time to time are hereby pledged unto the Trustee in order to secure repayment of the Series 2015 Bonds.

Section 5.02. Establishment of Sinking Fund and Reserve Account. The Sinking Fund and Reserve Account therein are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other and all funds on deposit therein from time to time are hereby pledged and assigned to the Trustee as security for repayment of the Series 2015 Bonds.

Section 5.03. Bond Proceeds; Construction Fund. A portion of the proceeds of the sale of the Series 2015 Bonds in the amount of \$1,779,800 shall be deposited on the Closing Date upon receipt by the Issuer in the Construction Fund. Additional funds shall be deposited into the Construction Fund as need to pay the costs of the Project on a periodic basis as such funds are requisitioned from time to time by the Issuer from the Purchaser and disbursed by the Purchaser upon completion of such inspections and the receipt of such documents as shall be satisfactory to the Purchaser. The moneys in the Construction Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Construction Fund shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Construction Fund shall be used solely to pay the cost of design, acquisition, construction and equipping of the Project, to currently refund the Prior Bonds, to refinance the Loan Obligation and to pay the Issuance Costs of the Bonds upon vouchers and other documentation approved by the Purchaser.

The Board shall undertake and carry out the design, acquisition, construction and equipping of the Project. Until completion of design, acquisition, construction and equipping of the Project, the Issuer will additionally transfer from the Construction Fund 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 Bonds if there are not sufficient Revenues to make such monthly payment.

Pending application as provided in this Section 5.03, money and funds in the Construction Fund shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 5.04. Revenues; Flow of Funds. A. Notwithstanding anything in this Indenture to the contrary, the entire Gross Revenues derived from the operation of the Hospital shall, upon receipt by the Issuer or Board, as applicable, be deposited into, or otherwise be paid directly into, a deposit account in the name of the Issuer or Board, as applicable, which deposit account, including, without limitation, the funds held therein, shall be under the sole dominion and control of the Issuer or the Board, as the case may be, and in which the Issuer and the Board shall grant no pledge, assignment or other security interest. The Issuer or the Board, as applicable, will provide a standing revocable sweep directive to the bank in which such account is maintained to transfer, each Business Day, the funds in such account to the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer or the Board and the Depository Bank. Subject to the provisions of this Indenture, all Gross Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on or before the 1<sup>st</sup> day of each month, transfer from the Revenue Fund and pay to the Commission for deposit in the Sinking Fund, the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of the Bond issue.

(3) The Issuer shall next, on each date that payment is made as set forth in Section 5.04(A)(2) above, transfer from the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120<sup>th</sup> of the Reserve Requirement, provided that, no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. After the Reserve Requirement has been accumulated in the Reserve Account, the Issuer 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, or payments with respect to, the Bonds, as shall be required to maintain the Reserve Requirement in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the Series 2015 Bonds as the same shall become due or for prepayment of installments on the Series 2015 Bonds, or for mandatory prepayment of the Series 2015 Bonds as hereinafter provided, and for no other purpose.

(4) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not required to be retained therein may be used for any lawful purpose of the Hospital.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Series 2015 Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2015 Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 Bonds as the same shall become due. Moneys in the Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 Bonds as the same shall come due, when moneys in the Sinking Fund are insufficient therefore, and for no other purpose.

In the event that moneys in the Reserve Account are disbursed in order to make any scheduled payment of principal of or interest on the Series 2015 Bonds, or any portion thereof, such moneys shall be restored by the Issuer within a period of not more than 12 months.

As and when Additional Bonds ranking on a parity with the Series 2015 Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the principal of and interest on such Additional Bonds as and when the same become due.

The Issuer shall not be required to make any further payments into the Sinking Fund or the Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate

principal amount of the Series 2015 Bonds issued pursuant to this Indenture then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Reserve Account 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.

Moneys in the Sinking Fund and in the Reserve Account shall be invested and reinvested by the Commission as provided herein and in accordance with Section 7.01 hereof.

Subject to the provisions of this Indenture, all the funds provided for in this Article V shall be used only for the purposes and in the order provided herein, and until so used, the Trustee shall have a lien thereon for further securing payment of the Series 2015 Bonds and the interest thereon, but the Depository Bank and the Commission shall not be a trustee as to such funds.

The Commission shall keep the moneys in the 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 Indenture 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 part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Account, so long as the Reserve Requirement is on deposit and maintained therein, shall be paid annually in January by the Commission to the Issuer for deposit by the Issuer into the Revenue Fund.

B. **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 Issuer determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Issuer will cause notice of the change to be sent by registered or certified mail to the Trustee and the Purchaser.

C. **CHARGES AND FEES.** 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 sums as shall be necessary to pay their respective charges, fees and expenses then due.

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

E. **DEFICIENCIES.** If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the fund and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be

made pursuant to this Section 5.04, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

F. 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 and shall be accompanied by appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Indenture.

G. GROSS REVENUES. The Gross Revenues of the Hospital shall only be used for purposes of the Hospital.

Section 5.05. Disbursements from Sinking Fund. The Commission shall disburse funds on deposit in the Sinking Fund, on or before the 15<sup>th</sup> day of each month, by check, or such other means of payment as shall be mutually agreed upon by the Commission and the Purchaser, to the local finance office of the Purchaser located at Randolph Center Building, 1200 Harrison Avenue, Suite 150, Elkins, West Virginia 26241 (the "Local Finance Office"). The Local Finance Office of the Purchaser shall thereupon disburse such funds as promptly as may be feasible in the circumstances to the Purchaser, or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may hereafter designate in writing to the Commission and the Issuer.

Section 5.06. Repayment to Hospital Upon Payment of Bonds. Any amounts remaining in any fund or account created hereunder after payment in full of the principal and redemption premium, if any, of and interest on the Series 2015 Bonds, and the reasonable fees, charges and expenses of the Trustee, the Registrar, the Paying Agent and the Depository Bank incurred in connection with the Series 2015 Bonds, shall be paid to the Hospital for use by the Hospital for any lawful purpose of the Hospital.

## ARTICLE VI

### APPLICATION OF PROCEEDS OF BONDS

Section 6.01. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2015 Bonds, the Issuer shall forthwith deposit a portion of the proceeds thereof on the Closing Date in the amount of \$955,857.87 with the Commission for deposit into the Escrow Fund created pursuant to the Escrow Agreement and shall deposit a portion of the proceeds of the Bonds on the Closing Date in the amount of \$846,165.32 with the Depository Bank for deposit into the Construction Fund established pursuant to Section 5.01 of this Indenture. Following such deposits, the Commission and the Depository Bank shall apply such funds as follows:

A. The Commission shall apply all Series 2015 Bond proceeds and other funds deposited into the Escrow Fund in the manner and otherwise as provided for in the Escrow Agreement, and in particular as follows:

\$647,555.30 to the current refunding and defeasance of the Prior Bonds;

\$336,079.88 to the repayment and refinancing of the Loan Obligation; and

\$2,262.36 to the payment of the fees of the Commission

B. Series 2015 Bond proceeds in the amount of \$848,427.68 which have been deposited into the Construction Fund on the Closing Date shall be applied to the payment of costs of the Project, the

payment of the Federal Tax Obligations and the payment of Issuance Costs, to such payees and in such amounts as set forth in a closing memorandum to be delivered on the Closing Date. The remaining available proceeds of the Series 2015 Bonds in the amount of \$1,870,130 shall be advanced from time to time by the Purchaser upon the approval by the Purchaser of periodic requisitions and supporting invoices or other documentation as shall be acceptable by the Purchaser and upon the completion of any necessary inspections as may be required by the regulations or practices of the Purchaser and thereupon deposited into the Construction Fund for application to the payment of the costs of the Project which have been approved for payment by the Purchaser. Any proceeds of the Series 2015 Bonds which remain on deposit in the Construction Fund upon the completion of the Project and any available portion of the par amount of the Series 2015 Bonds which remains unadvanced following the completion of the Project shall be applied in accordance with the regulations and practices of the Purchaser.

## ARTICLE VII

### INVESTMENTS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Indenture, 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 Indenture, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

The Depository Bank and the Commission shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often if reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and for a period of 5 years thereafter.

## ARTICLE VIII

### SATISFACTION AND DISCHARGE

Section 8.01. Satisfaction and Discharge. All rights and obligations of the Issuer under this Indenture shall terminate, and this Indenture shall cease to be of further effect, and the Trustee, Depository Bank and Commission shall assign and deliver to the Issuer any moneys and investments held

hereunder (except moneys or investments held by the Commission for the payment of principal of and interest on the Bonds when due or called for redemption) at such time that:

(A) All reasonable fees, expenses and costs of the Trustee, Depository Bank, Registrar and the Commission shall have been paid;

(B) The Issuer shall have performed all of its agreements in this Indenture; and

(C) All principal of and interest on the Bonds shall have been paid as provided for herein or in the Bonds either upon the maturity thereof or upon prepayment as provided for in the Bonds together with all other costs, charges and expenses which are due and payable in connection with the Bonds as provided herein or in the Bonds; and

Notwithstanding any discharge of this Indenture, the Trustee shall enforce, on its own behalf and on behalf of the Bondholders, by appropriate action, any rights arising hereunder.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following shall be an "Event of Default" hereunder:

(a) Failure to make a payment of principal of or interest on any Bond as the same becomes due and payable;

(b) Failure by the Issuer to perform any of its covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture other than as specified in (a) above, and such failure shall continue for the period and after the notice specified in Section 9.02 hereof.

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

(d) If the Issuer defaults in the due and punctual performance of any covenant set forth in the Loan Resolution (RUS Bulletin 1780-27) adopted by the Issuer on \_\_\_\_\_, 2014 in connection with the Series 2015 A Bonds and the Loan Resolution adopted by the Issuer on September 8, 2015 in connection with the Series 2015 B Bonds and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Issuer by Purchaser; provided that if any such default cannot be cured within thirty (30) days the period shall be extended for such period as is reasonable to cure the same with due diligence if the Issuer commences the cure within thirty (30) days and proceeds diligently.

Section 9.02. Notice of Default; Opportunity to Cure. No default under Sections 9.01(b) or (d) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Issuer by the Trustee or by holders of not less than 25% in aggregate principal amounts of all Bonds Outstanding and until the Issuer shall have had 30 days after receipt of such notice to correct such default, and shall not have corrected it.

The Issuer hereby grants the Board full authority for the account of the Issuer to perform any covenant or obligation alleged to constitute a default in any notice given pursuant to this Section 9.02 in the name of the Issuer and with full power of substitution.

In the event that any payment referred to in Section 9.01(a) is not timely made, the Trustee shall immediately notify the Issuer by the fastest means of communication reasonably available that such payment has not been made and shall confirm such notice in writing, but failure to so notify will not toll any period or waive any Event of Default.

Section 9.03. Acceleration; Cure. If any Event of Default under subparagraph (a) of Section 9.01 occurs, the entire principal amount of the Bonds then Outstanding shall become due and payable without notice or demand. Should any Event of Default other than one described in the preceding sentence occur and be continuing, then the Trustee may, and, upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing delivered to the Issuer and the Board, declare the principal of all Bonds then Outstanding to be due and payable immediately. Upon such declaration, the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything in this Indenture or in the Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of the Bonds shall have been so declared to be due and payable, all arrears of principal and interest upon the Bonds, and all other sums payable under this Indenture (except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable), shall have been paid by or on behalf of the Issuer, and the Issuer also shall have performed all other things in respect of which it may have been in default hereunder, and shall have paid the reasonable charges of the Trustee, its counsel and the holders of the Bonds, including reasonable attorneys' fees paid or incurred, then and in every such case, the holders of not less than a majority in aggregate principal amount of each series of Bonds then outstanding may, by written notice to the Issuer, the Board and to the Trustee, waive such default and rescind and annul such declaration and its consequences, and such waiver shall be binding upon the Trustee and upon all holders of Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Section 9.04. Powers of Trustee. If any Event of Default occurs and is continuing, the Trustee in its discretion may, and, upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and upon receipt of indemnity to its satisfaction, shall, take any or all of the following actions:

- (a) Enforce each and every right of the Trustee under this Indenture or otherwise;
- (b) By mandamus or other proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to comply with the provisions of this Indenture and to require the Issuer or the Board to carry out any other agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act;
- (c) Bring suit upon the Bonds;
- (d) By a proceeding in equity require the Issuer or the Board to account as if it were the trustee of an express trust for the Bondholders;

(e) By a proceeding in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(f) Seek the appointment of a receiver for the Hospital facilities by a court of appropriate jurisdiction for the operation of such Hospital facilities by such receiver and the collection of the rents, revenues, issues, earnings, income and products of such Hospital facilities, with such powers as the court making such appointment shall direct.

The Trustee may maintain any proceeding without the possession of any of the Bonds or the production thereof in connection with said proceeding.

If any proceeding taken by the Trustee on account of any Event of Default is discontinued or abandoned for any reason, or determined adversely to the Trustee, then and in every case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05. Powers of Bondholders. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder.

Section 9.06. Limitations on Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless:

(a) Such holder previously shall have given to the Trustee written notice of an Event of Default;

(b) The holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name;

(c) There shall have been offered to the Trustee, security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(d) The Trustee shall have refused or neglected to comply with such request within a reasonable time.

Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder; it being understood and intended that no Bondholder shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of all holders of Outstanding Bonds affected thereby,

subject to the provisions of this Indenture. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to institute suit for the enforcement of payment of the principal of and interest on such Bond when due and payable in accordance with its terms, upon redemption or otherwise.

Section 9.07. Right of Purchaser to Act. Notwithstanding anything set forth in this Indenture to the contrary, so long as the Purchaser is the Holder of the Bonds, the Purchaser may institute a suit, action or proceedings in equity or at law, in state or federal court, for the execution of any trust under this Indenture or for any other remedy hereunder using applicable state or federal law. Specifically, Purchaser shall not be obligated to first request the Trustee to act on behalf of Purchaser and may proceed directly against the Issuer, provided it is understood and intended that Purchaser shall not have any right to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture, except in the manner provided therein, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture. Any recovery shall be for the benefit of all Holders of Outstanding Bonds on a parity basis. The Trustee shall not be answerable for the exercise by Purchaser of its powers set forth in this Section, except only its own misconduct or gross negligence. Where Purchaser institutes an action pursuant to this Section, the Trustee is empowered to receive moneys from such proceeding and to disburse such funds in accordance with the terms of this Indenture (as supplemented and/or amended from time to time), including for the payment of moneys due to the Trustee under this Indenture (as supplemented and/or amended from time to time) and for the benefit of all Holders on a parity basis.

Section 9.08. Control of Proceedings Commenced by the Trustee and Commenced by Purchaser. Notwithstanding anything in this Indenture to the contrary, until such time as the Purchaser shall have notified the Trustee of its election to have the Trustee enforce Purchaser's rights under this Indenture, and Trustee shall have accepted such election, the provisions of (i) Sections 9.04 and 9.06 requiring the Trustee to act and (ii) Sections 9.05 and 9.06 permitting Bondholders to act, in all such cases, on the written request of the Registered Owners of not less than twenty-five percent (25%) of principal amount of the Bonds then Outstanding hereunder, shall mean the Registered Owners excluding the Purchaser of not less than twenty-five percent (25%) of the principal amount of the Bonds then Outstanding hereunder excluding the principal amount of any Bonds then Outstanding held by the Purchaser. Where Purchaser has commenced an action pursuant to the terms of Section 9.07 above, Purchaser shall control such action in accordance with such Section 9.07.

Section 9.09. Remedies not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.10. Delay or Omission of Trustee. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.11. Application of Moneys. Any moneys received by the Trustee while an Event of Default is continuing and any available moneys held in the Sinking Fund, Reserve Account or otherwise, after first being applied to the payment of the reasonable fees and expenses of the Trustee shall be applied in the following order:

(A) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment to the persons entitled thereto of all installments of principal and interest then due on the Bonds, in the order of maturity of the installments of such principal and interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds, without preference or priority, according to the amounts due respectively for principal and interest, to the persons entitled thereto.

(C) To the extent of the surplus, if any, to the Issuer or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied pursuant to this Section 9.11, the Trustee shall fix the date (which shall be a payment date on the Bonds unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amount of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 9.12. Severability of Remedies. It is the purpose and intention of this Article IX to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but, should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture.

Section 9.13. Limitation on Remedies and Rights. The Trustee and the Bondholders expressly acknowledge and agree that the grant and exercise of all rights and remedies are subject to laws applicable to health care providers, including, without limitation, laws protecting the confidentiality of patient information, and that in connection with the exercise of any rights or remedies, it may be necessary to obtain approval of, consents, determinations, exceptions or certifications from, third parties, including without limitation, commercial and governmental payers and health care regulatory authorities and agencies.

Section 9.14. Limited Indemnification Where Trustee Acts on Behalf of Purchaser. Should Purchaser elect to have the Trustee enforce Purchaser's rights under this Indenture, Purchaser's obligation to indemnify the Trustee against the liabilities associated with a request for enforcement of remedies shall be limited to the extent permitted by law, provided however, the Trustee shall not be required to institute an action on Purchaser's behalf unless indemnification is provided to the Trustee in accordance with the terms of this Indenture.

## ARTICLE X

### CONCERNING THE TRUSTEE

Section 10.01. Acceptance of Trust. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts in accordance with the provisions set forth in this Indenture, but only upon and subject to the following express terms and conditions:

A. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any non-negligent action or non-action in reliance upon such opinion or advice.

B. The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or the Board hereunder, except as hereinafter set forth, but the Trustee may require of the Issuer or the Board full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of such property. The Trustee shall have no obligation to perform any of the duties of the Issuer under this Indenture. The Trustee shall not be responsible for reviewing any financial information of the Board which it receives pursuant to this Indenture. Except during the continuance of an Event of Default, the Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

C. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

D. The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefore or in place thereof.

E. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by its Mayor, City Manager or any certificate signed by the Board's President or Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Subsection G of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Clerk of the Issuer under its seal to the effect that a resolution

or ordinance in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted, and is in full force and effect.

F. The permissive right of the Trustee (indicated by the word "may" and not by the word "shall") to take actions under this Indenture shall not be construed as a duty and the Trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the performance of such duties, the Trustee shall be answerable only for its gross negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise, as an ordinarily prudent man would exercise or use under the circumstances in the conduct of his own affairs.

G. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least 25% in aggregate principal amount of Bonds then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

H. The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real or tangible personal property as in this Indenture provided.

I. At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto as may be desired.

J. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

K. Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

L. Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful default of the Trustee by reason of any action so taken.

M. All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 10.02. Notice of Default to Bondholder. Within 30 days after the occurrence of any Event of Default (or event which would with the passage of time or giving of notice or both be an Event of Default) hereunder of which the Trustee has actual knowledge or has, or is deemed to have, notice, the Trustee shall, unless such event or Event of Default shall no longer subsist, mail notice thereof to all Bondholders; provided, however, that such notice need not be given if the Trustee determines that to give such notice is not in the best interests of the holders of Bonds of all series.

For purposes of this Section 10.02, the Trustee shall not be deemed to have actual knowledge of any Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

Section 10.03. Rights and Powers During Default. Subject to its responsibility to act upon the direction of Bondholders hereunder, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 10.04. Right to Rely Upon Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the trust and accuracy of such statements.

Section 10.05. Right to Own and Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take, with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Board and may act as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not Trustee hereunder.

Section 10.06. Interest Upon Moneys Received. The Trustee shall not be under any liability for interest on any moneys received under any of the provisions of this Indenture, except such as may be agreed upon between the Trustee and the Issuer. All interest allowed on any such moneys shall be credited as provided in Article VII hereof with respect to interest on investments.

Section 10.07. Construction of Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof.

Section 10.08. Co-Trustee. The Trustee, with the approval of the Issuer, may appoint an additional individual institution as a separate or co-trustee. If the Trustee appoints a separate or co-trustee, each power or right vested in the Trustee hereunder shall be exercisable by and vest in such separate or co-trustee to exercise such powers or rights, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Section 10.09. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice to the Issuer and the Board and by registered or certified mail to each registered owner of Bonds then Outstanding, and such resignation

shall take effect upon the appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

Section 10.10. Removal of Trustee. The Trustee or any Trustee hereafter appointed hereunder may be removed at any time by an instrument in writing appointing a successor Trustee, filed with the Trustee so removed, the Issuer and the Board and executed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

Section 10.11. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by its Mayor or City Manager and attested by its City Clerk under its seal shall forthwith appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Section 10.12. Qualification of Successor Trustee. Every successor Trustee appointed pursuant to any of the foregoing provisions which is not a governmental entity or representative of such governmental entity shall be a trust company or a national bank or state bank with trust powers in good standing and, if there be such a trust company or national or state bank willing and able to accept the trust on reasonable and customary terms, shall have a reported capital and surplus of not less than \$10,000,000.

Section 10.13. Court Appointment of Successor Trustee. In case at any time the Trustee or any Trustee hereafter appointed shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within 3 months after a resignation by the Trustee, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 10.14. Acceptance and Transfer of Trust. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the Board an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the trust estate and the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the trust estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.15. Successor Trustee by Merger. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.16. Trustee's Right to Make Advances. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal or interest on the Bonds, the Trustee may, in its discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do, and no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.17. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, and shall intervene if it is requested in writing by the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding and if provided indemnity pursuant to Section 9.06 hereof. The rights and obligations of the Trustee under this Section 10.17 are subject to the approval of a court of competent jurisdiction. Notwithstanding anything herein to the contrary, the Trustee shall not be liable for its actions except as a result of its gross negligence or willful misconduct.

Section 10.18. Registration Under Securities Act, etc. In the event that the Bonds become subject to registration under the Securities Act of 1933 or the West Virginia Uniform Securities Act, or the Indenture becomes subject to qualification under the Trust Indenture Act of 1939, upon receipt of an opinion of Bond Counsel to such effect, the Trustee and the Issuer will take all actions necessary and will cooperate with the Issuer and Bond Counsel to accomplish such registration or qualification.

## ARTICLE XI

### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 11.01. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. The fact and the date of the execution by any person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgment or by an affidavit of a witness to such execution.

Nothing contained in this Article XI shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request, consent or other action of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee, the Issuer or the Board in pursuance thereof.

## ARTICLE XII

### SUPPLEMENTAL INDENTURES; MODIFICATION OF THE INDENTURE

Section 12.01. Supplemental Indentures Without Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall be consistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;
- (d) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new trustee hereunder;
- (e) To make any other change in this Indenture which, in the judgment of the Trustee in reliance upon an Opinion of Counsel, does not materially adversely affect the rights of the holders of any Bonds; or
- (f) To comply with the provisions of the Trust Indenture Act of 1939, as amended.

Section 12.02. Modification of the Indenture with Consent of Bondholders. From time to time the holders of not less than 60% in aggregate principal amount of the Outstanding Bonds materially adversely affected by any waiver under, or modification or alteration of, this Indenture may, by an instrument or instruments in writing signed by such holders and filed with the Trustee, assent to and authorize any such waiver, modification or alteration that shall be proposed by the Issuer and consented to by the Trustee; and any action herein authorized to be taken, with the assent or authority given as aforesaid shall be binding upon the holders of all the Bonds hereby secured and upon the Trustee as fully as though such action were specifically and expressly authorized by the terms of this Indenture; provided that, without the consent of the holders of all Bonds affected thereby, no such waiver, modification or alteration shall permit (a) the reduction of the portion of the Bonds the consent of the holders of which is required for any waiver, modification or alteration of this Indenture, (b) the extension of the time or times of payment of the principal of and interest on the Bonds, whether at maturity, upon redemption, or otherwise, or (c) the reduction in the principal amount thereof or in the rate of interest or the amount of any premium thereon or any change in the currency for payment thereof.

## ARTICLE XIII

### MISCELLANEOUS

Section 13.01. Sole Benefit of Parties and Bondholders. Except as herein otherwise provided with respect to the Board, nothing in this Indenture expressed or implied is intended or shall be

construed to confer upon any person, firm or corporation other than the parties hereto and the holders of the Bonds any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the parties hereto and the holders of the Bonds.

Section 13.02. Severability of Provisions. In case any one or more of the provisions of this Indenture or of the Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 13.03. Notices. All communications hereunder shall be in writing and, unless otherwise required under this Indenture, shall be deemed sufficiently given or made if delivered personally to the person who is to receive the same or if mailed to such person by first class mail, registered or certified, return receipt requested, postage prepaid, by deposit thereof in a United States Post Office, or branch thereof, within the United States of America addressed:

If to the Issuer:

City of Grafton  
1 West Main Street  
Grafton, West Virginia 26354  
Attention: City Manager

If to the Board:

Grafton City Hospital, Inc.  
1 Hospital Plaza  
Grafton, West Virginia 26354  
Attention: Administrator

If to the Trustee:

United Bank, Inc.  
500 Virginia Street East  
Charleston, WV 26301  
Attention: Corporate Trust Department

If to Purchaser:

United States Department of Agriculture  
National Finance Office  
St. Louis, Missouri 63103

If to the Commission:

West Virginia Municipal Bond Commission  
900 Pennsylvania Avenue, Suite 1117  
Charleston, West Virginia 25301  
Attention: Executive Director

The Trustee, the Issuer, the Board, the Purchaser and the Commission may, by notice given hereunder, designate any further or different addresses to which subsequent communications shall be sent.

Section 13.04. Successors and Assigns. None of the covenants, promises and agreements made in this Indenture by or on behalf of the Issuer or the Trustee shall be assignable by either of them except as expressly provided herein; but insofar as assignable or otherwise transferable this Indenture shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 13.05. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all such counterparts shall together constitute but one and the same instrument.

Section 13.06. Governing Law. Except as otherwise specifically provided herein, this Indenture and all Bonds issued hereunder have been or will be executed and delivered under the laws of the State of West Virginia, and such laws shall govern the construction of this Indenture and of all such Bonds.

Section 13.07. Payments Due on Saturdays, Sundays and Holidays. In any case where the date for any payment on or with respect to the Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the domicile of the Trustee are authorized by law to close, then payment shall be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close.

Section 13.08. No Liability on Issuer. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Indenture, the Issuer has not obligated itself except with respect to the Revenues, as herein above provided. No officer or member of the Issuer shall be personally liable on this Indenture or on any Bonds, nor shall the issuance of the Bonds under this Indenture be considered a misfeasance in office.

THE BENEFICIARY OF THIS INDENTURE OF TRUST AT THE TIME OF EXECUTION AND DELIVERY, AS THE PURCHASER OF THE BONDS, IS AS FOLLOWS:

United States of America Acting Through the Rural Housing Service  
United States Department of Agriculture- Rural Development  
West Virginia State Office  
1550 Earl Core Road, Suite 101  
Morgantown, West Virginia 26505

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

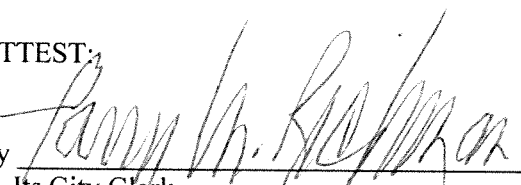
CITY OF GRAFTON

[SEAL]

By   
Its Mayor

By   
Its City Manager

ATTEST:

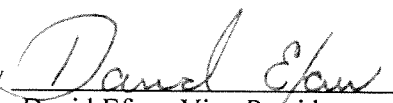
By   
Its City Clerk

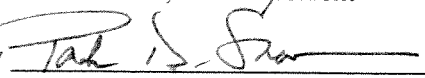
UNITED BANK, INC.,  
as Trustee

By \_\_\_\_\_  
Its: \_\_\_\_\_

ACCEPTED AND AGREED TO BY:

GRAFTON CITY HOSPITAL, INC., as or its board as  
the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital

By   
David Efaw, Vice-President

By   
Patrick D. Shaw, Administrator/Chief Executive Officer

APPROVED AND CORRECT AS TO FORM:

By   
Shawn Nines, City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

CITY OF GRAFTON

[SEAL]

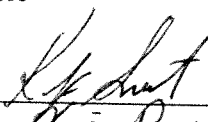
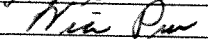
By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

UNITED BANK, INC.,  
as Trustee

By   
Its: 

ACCEPTED AND AGREED TO BY:

GRAFTON CITY HOSPITAL, INC., as or its board as  
the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital

By \_\_\_\_\_  
David Efaw, Vice-President

By \_\_\_\_\_  
Patrick D. Shaw, Administrator/Chief Executive Officer

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A – SERIES 2015 A BOND FORM

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$2,999,930

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Two Million Nine Hundred Ninety Nine Thousand Nine Hundred Thirty and 00/100 Dollars (\$2,999,930), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$2,999,930, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 B (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 B BONDS" AND

TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$650,000.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part,

together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A  
RECORD OF ADVANCES

| AMOUNT          | DATE       | AMOUNT | DATE |
|-----------------|------------|--------|------|
| (1) \$1,129,800 | 10/28/2015 | (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 \$        |            |        |      |

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 A Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

Dated this October 28, 2015.

UNITED BANK, INC., as Registrar

By \_\_\_\_\_  
Its: \_\_\_\_\_

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

| <u>Date of Registration</u> | <u>In Whose<br/>Name Registered</u> | <u>Signature of Registrar</u> |
|-----------------------------|-------------------------------------|-------------------------------|
| <u>October 28, 2015</u>     | <u>United States of America</u>     | _____                         |
| _____                       | _____                               | _____                         |
| _____                       | _____                               | _____                         |

EXHIBIT B – SERIES 2015 B BOND FORM

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$650,000

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Six Hundred Fifty Thousand and 00/100 Dollars (\$650,000), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$650,000, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 A BONDS" AND

TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,999,930.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part,

together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A  
RECORD OF ADVANCES

| <u>AMOUNT</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> |
|---------------|-------------|---------------|-------------|
| (1) \$650,000 | 10/28/2015  | (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 \$650,000

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 B Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

Dated this October 28, 2015.

UNITED BANK, INC., as Registrar

By \_\_\_\_\_  
Its: \_\_\_\_\_

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

| <u>Date of Registration</u> | <u>In Whose<br/>Name Registered</u> | <u>Signature of Registrar</u> |
|-----------------------------|-------------------------------------|-------------------------------|
| <u>October 28, 2015</u>     | <u>United States of America</u>     | _____                         |
| _____                       | _____                               | _____                         |
| _____                       | _____                               | _____                         |

## Table of Contents

| <u>Subject</u>                                                            | <u>Page</u>                                                                                 |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| RECITALS                                                                  |                                                                                             |
| <br>                                                                      |                                                                                             |
| <b>ARTICLE I</b>                                                          |                                                                                             |
| <b>DEFINITIONS</b>                                                        |                                                                                             |
| Section 1.01                                                              | Definitions.....3                                                                           |
| Section 1.02                                                              | Findings and Determinations..... 11                                                         |
| <br>                                                                      |                                                                                             |
| <b>ARTICLE II</b>                                                         |                                                                                             |
| <b>THE BONDS</b>                                                          |                                                                                             |
| Section 2.01                                                              | Authorized Amount of Bonds ..... 11                                                         |
| Section 2.02                                                              | Issuance and Delivery of Bonds..... 11                                                      |
| Section 2.03                                                              | Execution..... 13                                                                           |
| Section 2.04                                                              | Authentication ..... 13                                                                     |
| Section 2.05                                                              | Form of Bonds..... 13                                                                       |
| Section 2.06                                                              | Mutilated, Lost, Stolen or Destroyed Bonds ..... 13                                         |
| Section 2.07                                                              | Bond Registrar..... 14                                                                      |
| Section 2.08                                                              | Paying Agent ..... 14                                                                       |
| Section 2.09                                                              | Transfer, Registration of Transfer and Exchange..... 14                                     |
| Section 2.10                                                              | Fees..... 14                                                                                |
| Section 2.11                                                              | Temporary Bonds ..... 14                                                                    |
| Section 2.12                                                              | Cancellation..... 15                                                                        |
| Section 2.13                                                              | Limited Obligations..... 15                                                                 |
| Section 2.14                                                              | Pledge of Net Revenues ..... 15                                                             |
| <br>                                                                      |                                                                                             |
| <b>ARTICLE III</b>                                                        |                                                                                             |
| <b>AUTHORIZATION OF PROJECT; REFUNDING OF PRIOR BONDS;</b>                |                                                                                             |
| <b>REFINANCING OF LOAN OBLIGATION; PAYMENT OF FEDERAL TAX OBLIGATIONS</b> |                                                                                             |
| Section 3.01                                                              | Authorization of Design, Acquisition, Construction and Equipping<br>of the Project ..... 15 |
| Section 3.02                                                              | Authorization of Refunding of Prior Bonds ..... 15                                          |
| Section 3.03                                                              | Authorization of Refinancing of the Loan Obligation ..... 16                                |
| Section 3.04                                                              | Authorization of Payment of Federal Tax Obligations ..... 16                                |
| Section 3.05                                                              | Authorization of Payment of Issuance Costs..... 16                                          |

**ARTICLE IV  
GENERAL COVENANTS AND PROVISIONS**

|              |                                               |    |
|--------------|-----------------------------------------------|----|
| Section 4.01 | Payment of Bonds .....                        | 16 |
| Section 4.02 | Performance of Covenants .....                | 17 |
| Section 4.03 | Inspection of Hospital Books .....            | 17 |
| Section 4.04 | Additional Bonds.....                         | 17 |
| Section 4.05 | Permitted Indebtedness.....                   | 17 |
| Section 4.06 | Covenant on Maintenance of Hospital .....     | 18 |
| Section 4.07 | Compliance with Laws .....                    | 18 |
| Section 4.08 | Taxes and Assessments .....                   | 18 |
| Section 4.09 | Rate Covenant .....                           | 18 |
| Section 4.10 | Hazardous Waste.....                          | 19 |
| Section 4.11 | ERISA Covenant .....                          | 20 |
| Section 4.12 | Insurance Coverage and Terms .....            | 20 |
| Section 4.13 | Insurance Proceeds.....                       | 22 |
| Section 4.14 | City Acting Through Board.....                | 23 |
| Section 4.15 | Additional Representations and Covenants..... | 23 |

**ARTICLE V  
FUNDS AND ACCOUNTS; REVENUES AND APPLICATION THEREOF**

|              |                                                           |    |
|--------------|-----------------------------------------------------------|----|
| Section 5.01 | Establishment of Revenue Fund and Construction Fund ..... | 24 |
| Section 5.02 | Establishment of Sinking Fund and Reserve Account .....   | 24 |
| Section 5.03 | Bond Proceeds; Construction Fund.....                     | 24 |
| Section 5.04 | Revenues; Flow of Funds.....                              | 24 |
| Section 5.05 | Disbursements from Sinking Fund.....                      | 27 |
| Section 5.06 | Repayment to Hospital Upon Payment of Bonds.....          | 27 |

**ARTICLE VI  
APPLICATION OF PROCEEDS OF BONDS**

|              |                                        |    |
|--------------|----------------------------------------|----|
| Section 6.01 | Disposition of Proceeds of Bonds ..... | 27 |
|--------------|----------------------------------------|----|

**ARTICLE VII  
INVESTMENTS**

|              |                  |    |
|--------------|------------------|----|
| Section 7.01 | Investments..... | 28 |
|--------------|------------------|----|

**ARTICLE VIII  
SATISFACTION AND DISCHARGE**

|              |                                  |    |
|--------------|----------------------------------|----|
| Section 8.01 | Satisfaction and Discharge ..... | 29 |
|--------------|----------------------------------|----|

## ARTICLE IX DEFAULTS AND REMEDIES

|              |                                                                                     |    |
|--------------|-------------------------------------------------------------------------------------|----|
| Section 9.01 | Events of Default.....                                                              | 29 |
| Section 9.02 | Notice of Default; Opportunity to Cure.....                                         | 30 |
| Section 9.03 | Acceleration; Cure.....                                                             | 30 |
| Section 9.04 | Powers of Trustee.....                                                              | 30 |
| Section 9.05 | Powers of Bondholders .....                                                         | 31 |
| Section 9.06 | Limitations on Bondholders .....                                                    | 31 |
| Section 9.07 | Right of Purchaser to Act .....                                                     | 32 |
| Section 9.08 | Control of Proceedings Commenced by the Trustee and Commenced<br>By Purchaser ..... | 32 |
| Section 9.09 | Remedies not Exclusive .....                                                        | 32 |
| Section 9.10 | Delay or Omission of Trustee .....                                                  | 32 |
| Section 9.11 | Application of Moneys.....                                                          | 33 |
| Section 9.12 | Severability of Remedies.....                                                       | 33 |
| Section 9.13 | Limitation of Remedies and Rights.....                                              | 33 |
| Section 9.14 | Limited Indemnification Where Trustee Acts on Behalf of Purchaser .....             | 33 |

## ARTICLE X CONCERNING THE TRUSTEE

|               |                                               |    |
|---------------|-----------------------------------------------|----|
| Section 10.01 | Acceptance of Trust.....                      | 34 |
| Section 10.02 | Notice of Default to Bondholder .....         | 36 |
| Section 10.03 | Rights and Powers During Default.....         | 36 |
| Section 10.04 | Right to Rely Upon Documents .....            | 36 |
| Section 10.05 | Right to Own and Deal in Bonds.....           | 36 |
| Section 10.06 | Interest Upon Moneys Received .....           | 36 |
| Section 10.07 | Construction of Provisions of Indenture ..... | 36 |
| Section 10.08 | Co-Trustee.....                               | 36 |
| Section 10.09 | Resignation by Trustee.....                   | 37 |
| Section 10.10 | Removal of Trustee .....                      | 37 |
| Section 10.11 | Appointment of Successor Trustee.....         | 37 |
| Section 10.12 | Qualification of Successor Trustee.....       | 37 |
| Section 10.13 | Court Appointment of Successor Trustee.....   | 37 |
| Section 10.14 | Acceptance and Transfer of Trust .....        | 37 |
| Section 10.15 | Successor Trustee by Merger .....             | 38 |
| Section 10.16 | Trustee's Right to Make Advances.....         | 38 |
| Section 10.17 | Intervention by Trustee .....                 | 38 |
| Section 10.18 | Registration Under Securities Act, etc .....  | 38 |

## ARTICLE XI EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

|               |                               |    |
|---------------|-------------------------------|----|
| Section 11.01 | Execution of Instruments..... | 38 |
|---------------|-------------------------------|----|

**ARTICLE XII**  
**SUPPLEMENTAL INDENTURES; MODIFICATION**  
**OF THE INDENTURE**

|               |                                                                |    |
|---------------|----------------------------------------------------------------|----|
| Section 12.01 | Supplemental Indentures Without Consent of Bondholders .....   | 39 |
| Section 12.02 | Modification of the Indenture with Consent of Bondholders..... | 39 |

**ARTICLE XIII**  
**MISCELLANEOUS**

|               |                                                       |    |
|---------------|-------------------------------------------------------|----|
| Section 13.01 | Sole Benefit of Parties and Bondholders.....          | 39 |
| Section 13.02 | Severability of Provisions .....                      | 40 |
| Section 13.03 | Notices .....                                         | 40 |
| Section 13.04 | Successors and Assigns.....                           | 41 |
| Section 13.05 | Counterparts .....                                    | 41 |
| Section 13.06 | Governing Law.....                                    | 41 |
| Section 13.07 | Payments Due on Saturdays, Sundays and Holidays ..... | 41 |
| Section 13.08 | No Liability on Issuer.....                           | 41 |
|               | SIGNATURES .....                                      | 42 |
|               | EXHIBIT A – SERIES 2015 A BOND FORM .....             | 43 |
|               | EXHIBIT B – SERIES 2015 B BOND FORM .....             | 52 |

INDENTURE OF TRUST

This INDENTURE OF TRUST (the "Indenture") dated as of October 28, 2015, by and between the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer" or "City"), and UNITED BANK, INC., as bond trustee (together with its successors hereunder, the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer owns in the City of Grafton, Taylor County, West Virginia, a critical access hospital known as "Grafton City Hospital" (such hospital, the site thereof, together with the buildings, improvements, fixtures, equipment and appurtenances thereto which are or were acquired or improved in part with the proceeds of the Bonds, the Prior Bonds or the Outstanding Obligations herein called the "Hospital") and has heretofore financed and refinanced the acquisition and construction of the Hospital and certain renovations, improvements and equipment therefore with several series of hospital revenue bonds, of which there are currently outstanding the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds");

WHEREAS, the Issuer has operated and continues to operate the Hospital through Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital (the "Board"), which is a West Virginia not for profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code;

WHEREAS, the Issuer has determined to: (i) undertake the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"), (ii) refund the Prior Bonds, (iii) refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. in the original principal amount of \$382,205.86 entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations") and (iv) pay existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"), and the Issuer has determined that such action will help to maintain or provide gainful employment and improve living conditions for the inhabitants of the City, will serve a public purpose of the Issuer by contributing to the prosperity, health and general welfare of the inhabitants of the City and will aid and assist in the provision of health care services in the community;

WHEREAS, pursuant to and in accordance with the provisions of Chapter 8, Article 16 (the "Revenue Bond Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act" and collectively with the Revenue Bond Act, the "Act"), the Issuer desires to issue

its Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture), in the aggregate principal amount of \$2,999,930 (the "Series 2015 A Bonds") and its Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture), in the aggregate principal amount of \$650,000 (the "Series 2015 B Bonds" and collectively with the Series 2015 A Bonds, the "Series 2015 Bonds") and has agreed to apply the net proceeds thereof to financing the costs of the Project, refunding the Prior Bonds, refinancing the Loan Obligation, paying the Federal Tax Obligations and paying costs of issuance of the Series 2015 Bonds and related costs;

WHEREAS, the current refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligations, the design, acquisition, construction and equipping of the Project, the issuance of the Bonds, the execution and delivery of this Indenture and matters relating thereto have been in all respects duly and validly authorized by the Amended and Restated Ordinance enacted by the Issuer on October 6, 2015 as the same has been supplemented pursuant to the Supplemental Resolution adopted by the Issuer on October 6, 2015 (collectively, the "Ordinance"); and

WHEREAS, all Bonds issued under this Indenture will be secured by the trusts hereby created.

NOW, THEREFORE, the Issuer and the Board, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds issued hereunder and the performance and observance by the Issuer and the Board of all the covenants expressed herein and in such Bonds, do hereby irrevocably assign, grant, bargain, sell, convey, mortgage, pledge and grant a security interest in, to the Trustee, and to its successors in trust, as security for the performance of the obligations of the Issuer and the Board under this Indenture, the following (collectively, the "Trust Estate"): (a) the Net Revenues (as hereinafter defined), (b) all cash and securities held in the funds and accounts held in trust pursuant to this Indenture and (c) any and all additional property, assets and other security that may be granted by the Issuer or the Board to the Trustee from time to time for the purpose of further securing the repayment of the Bonds and the performance of the covenants herein contained to have and to hold, in trust upon the terms herein set forth, for the benefit, security and protection of all holders of such Bonds issued under and secured by this Indenture; and the parties hereto mutually covenant and agree, for the equal and proportionate benefit of the holders of such Bonds, as follows:

In addition to the foregoing Trust Estate, the Issuer and the Board hereby specifically recognize and reaffirm the effectiveness of the statutory mortgage lien upon the Hospital facilities created pursuant to Section 22 and other provisions of the Revenue Bond Act and the Deed of Trust on the Hospital facilities.

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal and redemption premium, if any, of such Bonds with interest, according to the provisions set forth in the Bonds and each of them or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby

granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release in respect of the trust estate as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer, its successors or assigns, all and singular the property, rights, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefore, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. In addition to the terms defined elsewhere herein, including the recitals hereto, and unless the context otherwise requires, the following terms shall have the following meanings:

"Act" means collectively, the Refunding Act and the Revenue Bond Act.

"Additional Bonds" means the additional parity bonds of the Issuer which may be issued pursuant to and subject to the restrictions set forth in Section 4.04 hereof.

"Architect" means the architect for the Project which has been engaged by the Board which shall be Thrasher Engineering, Inc., Bridgeport, West Virginia.

"Authorized Newspaper" means a newspaper of general circulation in the City and otherwise satisfying the requirements of applicable law.

"Board" means Grafton City Hospital, Inc., as, or through its Board as, the City Hospital Board of Grafton City Hospital or the Board of Trustees of Grafton City Hospital.

"Bond" or "Bonds" means the Series 2015 Bonds together with any Additional Bonds issued from time to time hereunder.

"Bond Act" or "Revenue Bond Act" means Chapter 8, Article 16 of the West Virginia Code of 1931, as amended to the date hereof.

"Bond Commission" or "Commission" means the West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt bonds, and initially means Steptoe & Johnson PLLC, Bridgeport, West Virginia.

"Bondholder," "Holder," "Owner of Bonds," "Registered Owner" or any similar term means, initially, the Purchaser, and thereafter any other registered owner of any Bond or Bonds.

"Bond Register" means the books of the Issuer maintained by the Bond Registrar for the purpose of registering Bonds and the transfer of Bonds.

"Bond Registrar" or "Registrar" means the Trustee, or its successors as Bond Registrar.

"Bond 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 Bond Year shall begin on the Closing Date.

"Business Day" means a day other than a Saturday or Sunday and on which the principal corporate trust office of the Trustee is not required or authorized to remain closed and on which the New York Stock Exchange or the payment system of the Federal Reserve System is not closed.

"City" or "Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia, and where appropriate, includes the City Council and the Board.

"City Clerk" or "Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2015 Bonds for the initial advance of more than a de minimis amount of proceeds representing the purchase of Series 2015 Bonds by the Purchaser, or such other applicable meaning under the Code.

"Construction Fund" means the Construction Fund created pursuant to Section 5.01 of this Indenture.

"Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and any applicable Regulations and rulings thereunder. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision thereof.

"Costs" or "Project Costs" means all costs permitted to be financed under the provisions of the Act and incident to the design, acquisition, construction and equipping of the Project, all expenses incurred in connection with the issuance of the Bonds, including, but not limited to, compensation, fees and expenses of the Issuer, Registrar and Trustee, compensation to any financial consultants or underwriters, legal fees and expenses, costs of printing and engraving, recording and filing fees and costs of title insurance, if any, but only to the extent properly payable from the proceeds of the Bonds; any sums required to reimburse the Issuer for advances made by the Issuer for any of the above items or for any other costs incurred and for work done by the Issuer which are properly chargeable to the Project, and all other costs and expenses relating to the Project and properly payable from the proceeds of the Bonds.

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

"Debt Service Requirement" means, for any period of time, the aggregate of the payments to be made in respect of principal and interest on the Bonds during such period.

"Deed of Trust" means the Credit Line Deed of Trust by and between the Issuer and the trustee named therein for the benefit and security of the Purchaser in the repayment of the Series 2015 Bonds.

"Depository Bank" means Branch Banking and Trust Company, Grafton, West Virginia.

"Escrow Agent" means the Bond Commission, or any successor appointed by the Issuer under the Escrow Agreement.

"Escrow Agreement" means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and payment of the Prior Bonds, the Loan Obligation and the Federal Tax Obligations, the deposit therein of a portion of the proceeds of the Bonds, the disposition of moneys in the various funds and accounts for the Prior Bonds and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"Event of Default" means any of the events described as an Event of Default in Section 9.01 hereof.

"Federal Tax Obligations" means the existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities).

"Fiscal Year" means the twelve month period designated by the Issuer for financial reporting purposes, beginning on July 1 and ending on June 30 of each year, or such other 12-month period as may be determined in the future by the Issuer or pursuant to applicable law.

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), for the payment of which the full faith and credit of the United States of America is pledged.

"Gross Revenues" means all receipts, revenues, income and other moneys received by or on behalf of the Issuer or the Board as a result of the operation of, or relating to the Hospital, and all rights to receive the same whether in the form of accounts receivable, contract rights, chattel paper, instruments, general intangibles, or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Issuer or the Board relating to the Hospital; provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated or restricted at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Debt Service or not subject to pledge.

"Hospital" means the existing Grafton City Hospital, a critical access hospital, such hospital, the site thereof, together with the buildings, improvements, fixtures, equipment and appurtenances thereto which are or were acquired or improved in part with the proceeds of the Bonds, the Prior Bonds or the Loan Obligation, located in the City of Grafton, Taylor County, West Virginia, and presently owned by or through the City and operated by the Board.

"Indebtedness" means all obligations incurred or assumed by the Issuer or the Board or any other obligation for payment of principal and interest with respect to borrowed money in connection with the ownership or operation of the Hospital.

"Indenture" means this Indenture of Trust, as amended or supplemented from time to time.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including, but not limited to any or all of the following as applicable:

- (i) Purchaser's fees;
- (ii) Counsel fees, including Bond Counsel, Issuer's counsel, Board counsel, Purchaser's counsel, counsel for the Trustee, Registrar and Paying Agent and special tax counsel fees, as well as any other specialized counsel fees;
- (iii) Financial or municipal advisor fees;
- (iv) Rating agency fees;
- (v) Trustee fees;
- (vi) Trustee, Registrar, Paying Agent and certifying and authenticating agent fees related to issuance of the Bonds;
- (vii) Accountant fees;
- (viii) Printing costs of the Bonds and of any preliminary and final official statement;
- (ix) Publication costs associated with the financing proceedings; and
- (x) Costs of engineering and feasibility studies necessary to the issuance of the Bonds;

"Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State, and where appropriate, includes the Board.

"Issuer Representative" means the person or persons at the time designated to act on behalf of the Issuer in a written certificate furnished by the Issuer to the Trustee containing a specimen signature of such person or persons and signed by an officer of the Issuer.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated July 15, 2014, together with Amendment No. 1 to Letter of Conditions dated September 15, 2015, and all other amendments thereto, if any.

"Loan Obligation" means that certain Promissory Note, dated July 8, 2013 from the Board to JPMorgan Chase Bank, NA in the original aggregate principal amount of \$382,205.86.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" or "Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the Hospital, 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 of any project relating to the acquisition or construction of additions,

betterments or improvements for the Hospital), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Outstanding Obligations or the Bonds, 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.

"Opinion of Counsel" means an opinion of counsel (who may be Bond Counsel, counsel to the Issuer or counsel to the Board) satisfactory to the Trustee.

"Ordinance" means the amended and restated ordinance of the Issuer finally enacted October 6, 2015, as Supplemented by the Supplemental Resolution adopted by the Issuer on October 6, 2015, authorizing the execution and delivery of this Indenture, the design, acquisition, construction equipping and financing of the Project, the refunding of the Prior Bonds, the refinancing of the Loan Obligation, the payment of the Federal Tax Obligation, the issuance of the Bonds and other matters in connection therewith.

"Outstanding," "Bonds outstanding" or any similar term, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, all Bonds which have been theretofore authenticated and delivered by the Trustee under this Indenture, except:

- (A) Bonds canceled or required to be canceled by the Trustee at or prior to such date;
- (B) Bonds for the full payment of the principal of, and interest on, which cash shall have been theretofore deposited with the Trustee and which (i) shall have been matured by their terms but shall not have been surrendered for payment or (ii) shall have been purchased by the Trustee but shall not have been presented for payment;
- (C) Bonds in lieu of which others have been authenticated and delivered.

"Paying Agent" means the Bond Commission or its successors and assigns, and any co-paying agent appointed hereunder.

"Permitted Encumbrances" means, as of any particular time, (i) this Indenture, the Deed of Trust and the statutory mortgage lien securing the Bonds pursuant to the Revenue Bond Act; (ii) liens, security interests and encumbrances securing Permitted Indebtedness on a parity basis with the Bonds, to the extent permitted by this Indenture; (iii) liens, security interests or encumbrances by the terms thereof subject and subordinate to this Indenture; (iv) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially interfere with or materially impair the operation of the Hospital; (v) liens arising by reason of good faith deposits with or by the Issuer in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Issuer to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (vi) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Issuer to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance,

pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; (vii) any judgment lien or notice of pending action against the Issuer so long as such judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleadings has not lapsed; (viii) any lien representing statutory rights of the United States of America by reason of Federal funds made available under 42 U.S.C. §291 *et seq.* and similar rights under other Federal and state statutes; (ix) leases which relate to portions of the Hospital and which are customarily the subject of such leases, such as office space for physicians and educational institutions, food service facilities, gift shops, bank teller machines, and radiology, pharmacy and similar departments, or other leases entered into in accordance with the disposition of property provisions of this Indenture; (x) liens for taxes and assessments which are not then delinquent, or if then delinquent, which are being contested; (xi) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested; (xii) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Hospital and which do not materially adversely affect the value of, or materially impair, the Hospital, as evidenced by an Opinion of Counsel to the effect that such minor defect or irregularity does not materially adversely affect the value of, or materially impair, the Hospital; (xiii) zoning laws and similar restrictions which are not violated by the Hospital; (xiv) conditional sales agreements and leases entered into in connection with the incurrence or assumption of Permitted Indebtedness; and (xv) purchase money security interests created in Personal Property or equipment owned or to be owned or leased by the Issuer or the Board with respect to or in connection with the Hospital facility.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a limited liability company, a governmental body, and any other political subdivision, municipality or any other group or entity.

"Personal Property" means that property constituting a part of the Hospital other than real property.

"Prior Bonds" means the Issuer's Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000.

"Project" means the design, acquisition, construction and equipping of certain improvements to the Hospital facility and the acquisition of certain personal property, equipment and fixtures for the Hospital facility which are being financed with proceeds of the Series 2015 Bonds.

"Purchase Price," for the purpose of computation of the Yield of the Bonds shall have the meaning set forth in the Code.

"Purchaser" or "Government" means the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, and any successor thereof.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 therefore; 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; and

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

"Redemption Date" means the date fixed for prepayment or redemption of any of the Bonds, the Prior Bonds or the Loan Obligation subject to prepayment or redemption in any notice of prepayment or redemption published or mailed in accordance herewith.

"Refunding Act" means Chapter 13, Article 2E, of the West Virginia Code of 1931, as amended to the date hereof.

"Registrar" or "Bond Registrar" means initially, the Trustee, or any other entity so designated as registrar for the Bonds from time to time by the Issuer.

"Regulations" means temporary and permanent regulations promulgated under the Code, which may be applicable from time to time.

"Reserve Account" means the Reserve Account created by Section 5.01 hereof.

"Reserve Requirement" means the amount of \$156,960 with respect to the Series 2015 A Bonds and the amount of \$34,008 with respect to the Series 2015 B Bonds.

"Revenue Bond Act" means Chapter 8, Article 16 of the West Virginia Code of 1931, as amended to the date hereof.

"Revenue Fund" means the Revenue Fund created by Section 5.01 hereof.

"Series 2015 Bonds" means, collectively, the Series 2015 A Bonds together with the Series 2015 B Bonds.

"Series 2015 A Bonds" means the Hospital Refunding and Improvement Revenue Bonds, Series 2015 A, issued by the Issuer pursuant to this Indenture in the aggregate principal amount of \$2,999,930.

"Series 2015 B Bonds" means the Hospital Refunding and Improvement Revenue Bonds, Series 2015 B, issued by the Issuer pursuant to this Indenture in the aggregate principal amount of \$650,000.

"State" means the State of West Virginia.

"Subordinated Indebtedness" means Indebtedness which is subordinated to payments with respect to principal, premium, if any, and interest on the Bonds by subordination provisions reasonably satisfactory to the Trustee.

"Supplemental Resolution" means any ordinance or resolution amendatory or supplemental to the Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth certain terms of the Bonds, authorizing the sale of the Bonds to the Purchaser, specifying the Outstanding Obligations to be refinanced and related matters; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Trustee" means United Bank, Inc., with a corporate trust office located in Charleston, West Virginia, and any successors thereto at any time serving as trustee or co-trustee under the Indenture.

Unless the context shall otherwise indicate, words importing the singular shall include the plural, words importing persons shall include firms, associations and corporations, and vice versa, words importing the masculine, feminine and neuter gender shall be deemed to include all such genders and the terms "hereof," "hereby," "hereto," "hereunder" and "herein" shall refer to this Indenture.

Section 1.02. Findings and Determinations. The Issuer hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia which owns the Hospital facility and operates and maintains the same through the Board.

B. The Project shall be designed, acquired, constructed and equipped at an estimated cost of approximately \$1,764,180 in accordance with the plans and specifications prepared therefore by the Architect.

C. The Prior Bonds, the Loan Obligation and the Federal Tax Liabilities shall be redeemed and repaid in full with a portion of the proceeds of the Bonds.

D. The Issuer shall issue the Series 2015 A Bonds in an aggregate principal amount of \$2,999,930 and the Series 2015 B Bonds in an aggregate principal amount of \$650,000 and apply the proceeds thereof to currently refund and redeem in full the Prior Bonds and the Loan Obligation, to pay the Federal Tax Liabilities and pay costs of the Project.

E. The Hospital shall be owned by or through the City and operated and maintained by the Board pursuant to the Charter of the City.

F. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions.

## ARTICLE II

### THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. Subject and pursuant to the provisions of this Indenture, the Bonds of the Issuer, to be known as "City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$2,999,930 and the Bonds of the Issuer to be known as "City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of \$650,000 for the purposes of (i) financing the current refunding and repayment in full of the Prior Bonds, (ii) financing the refinancing and repayment in full of the Loan Obligation, (iii) paying the Federal Tax Obligations, (iv) paying costs of the design, acquisition, construction and equipping of the Project and (v) paying costs of issuance of the Series 2015 Bonds. The aggregate principal amount of Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture shall not exceed \$3,649,930 without the consent of all of the Bondholders. At the expense of the Bondholder requesting such exchange, the Bonds may be exchanged for Bonds of like series of denominations of \$5,000 or integral multiples thereof.

Section 2.02. Issuance and Delivery of Bonds. The Series 2015 Bonds shall be issued in the aggregate principal amount of \$3,649,930. The Series 2015 Bonds shall be dated their date of delivery, shall be issued only as fully registered Bonds, shall bear interest at the rates per annum, shall have principal and interest installment payment dates and shall mature as follows:

(A) The Series 2015 A Bonds shall bear interest at the fixed annual percentage rate of 3.25% from the date of delivery of such Series 2015 A Bonds and continuing to and including October 28, 2045, which shall be the final maturity date of such Series 2015 A Bonds (the "Maturity Date").

The Series 2015 B Bonds shall bear interest at the fixed annual percentage rate of 3.25% from the date of delivery of such Series 2015 B Bonds and continuing to and including October 28, 2045, which shall be the final maturity date of such Series 2015 B Bonds.

(B) Interest shall be computed on the basis of a year of 365 days payable for the actual number of days elapsed during any portion of a month.

(C) The principal amount of the Series 2015 A Bonds, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in equal amortizing monthly installments of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on the Maturity Date, except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the Bond form attached hereto as **Exhibit A**.

The principal amount of the Series 2015 B Bonds, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in equal amortizing monthly installments of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on the Maturity Date, except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The Series 2015 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the Bond form attached hereto as **Exhibit B**.

(D) The Issuer shall execute and the Trustee shall authenticate and deliver the Bonds, as may be directed by the Issuer, upon the filing with the Trustee of the following:

(i) Certified copies of the Ordinance of the Issuer authorizing the issuance of the Series 2015 Bonds and the execution and delivery of this Indenture;

(ii) An executed counterpart of this Indenture;

(iii) A request and authorization to the Trustee by the Issuer, signed by the Mayor and City Manager of the Issuer, to authenticate and deliver the Series 2015 Bonds to the Purchaser therein identified upon payment to the Depository Bank for deposit into the Construction Fund of the sum of \$1,779,800, for the account of the Issuer, which sum shall constitute the initial advance of the purchase price of the Series 2015 A Bonds together with the entire aggregate principal amount of the Series 2015 B Bonds;

(iv) An approving legal opinion of Bond Counsel; and

(v) Such other documents, resolutions or other materials as may be required by the Trustee or the Purchaser.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Mayor and City Manager and attested with the manual or facsimile signature of its City Clerk and shall have affixed, imprinted or otherwise reproduced thereon a facsimile of the corporate seal of the Issuer. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication. All Bonds shall have endorsed thereon a certificate of authentication and registration duly executed by the Trustee. No Bond shall be valid or entitled to any security or benefit under this Indenture unless and until such certificate of authentication and registration shall have been duly executed manually by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication and registration on any Bond shall be deemed to have been executed by it if signed by an authorized officer, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds. (A) The Series 2015 A Bonds and the Trustee's certificate of authentication and registration shall be substantially in the form set forth in **EXHIBIT A - BOND FORM**, attached hereto and incorporated herein by reference, with such variations, omissions and insertions as may be authorized by the Issuer, the execution and delivery of such Series 2015 A Bonds by the City Manager and Mayor of the Issuer being conclusive evidence of the approval of such variations, omissions and insertions by the Issuer. The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the attached Bond form.

(B) The Series 2015 B Bonds and the Trustee's certificate of authentication and registration shall be substantially in the form set forth in **EXHIBIT B - BOND FORM**, attached hereto and incorporated herein by reference, with such variations, omissions and insertions as may be authorized by the Issuer, the execution and delivery of such Series 2015 B Bonds by the City Manager and Mayor of the Issuer being conclusive evidence of the approval of such variations, omissions and insertions by the Issuer. The Series 2015 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall otherwise be payable and have such terms and provisions as provided in the attached Bond form.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute, and the Trustee shall, with the consent of the Issuer, authenticate and deliver, in lieu of any such mutilated, lost, stolen or destroyed Bond, a new Bond of like tenor and denomination as the Bond mutilated, lost, stolen or destroyed. Provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and canceled, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence to its satisfaction of such loss, theft or destruction together with such security or indemnification as may be required by the Issuer, and the Trustee to save them and any Paying Agent harmless. In the event any such Bond shall have matured, the Trustee may, instead of issuing a substitute Bond, pay the same from amounts held in the Sinking Fund created with respect to such Bond and available for purposes of such payment. The Trustee may charge the holder or owner of such Bond with its reasonable fees and expenses in this connection.

Section 2.07. Bond Registrar. The Trustee shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe,

register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the United States of America, an individual (including joint ownership), a corporation, a limited liability company, 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, limited liability company 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 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America acting through the Rural Housing Service. So long as the Bonds shall be registered in the name of the United States of America acting through the Rural Housing Service, the address for registration purposes shall be 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 2.08. Paying Agent. The Commission is hereby appointed as Paying Agent for the Bonds.

Section 2.09. Transfer, Registration of Transfer and Exchange. Bonds shall be transferable only by transfer of registration upon the Bond Register, which shall be established and maintained by the Registrar on behalf of, and as agent of, the Issuer. After initial registration, no registration of transfer thereof shall be valid unless made on the Bond Register at the written request of the registered owner or his or its duly authorized attorney or legal representative and similarly noted on such Bond. Upon the transfer of registration of any Bond and the surrender of the old Bond, the Issuer shall issue a new bond to the transferee in the principal amount of such Bond then outstanding, otherwise subject to the terms, rate of interest, provisions for payment and other terms and conditions set forth herein. No interests in any Bond shall be transferable except by means of registration of transfer of a Bond representing such interest in accordance with this Section 2.09.

No registration of transfer of the Bonds shall be permitted to be made after the 15<sup>th</sup> day next preceding any installment payment date on the Bonds.

Section 2.10. Fees. For every exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith shall be paid by the Holder requesting such exchange or transfer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered owner of any Bond, as the absolute owner of such Bond for the purpose of receiving payment of principal thereof, and stated interest thereon, or on account thereof and for all other purposes whether or not such Bond is overdue.

Section 2.11. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and deliver, and the Trustee shall authenticate, subject to the same provisions, limitations and conditions set forth above, one or more printed, lithographed or typewritten bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in

definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Trustee and the Trustee shall authenticate and deliver, in exchange therefore, a Bond or Bonds in definitive form. Such exchange shall be made by the Trustee without making any charge therefore to the holder of such Bond in temporary form.

Section 2.12. Cancellation. All Bonds which have been redeemed and all registered Bonds which have been surrendered to the Trustee in an exchange or transfer shall be canceled and destroyed by the Trustee and shall not be reissued. Counterparts of the certificate of destruction shall be furnished by the Trustee to the Issuer.

Section 2.13. Limited Obligations. The Bonds shall be limited obligations of the Issuer. The Bonds shall be payable solely out of the Net Revenues derived from, or in connection with, the operation of the Hospital, certain funds on deposit with the Commission or the Depository Bank in connection with the Bonds from time to time as herein provided and the proceeds of any foreclosure sale under the Deed of Trust as herein provided. The Bonds shall never constitute an indebtedness of the State of West Virginia, the Issuer or the Board within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the State of West Virginia, the Issuer or the Board. Neither shall the Bonds be a charge against the general credit or taxing power, if any, of the State of West Virginia, the Issuer or the Board.

Section 2.14. Pledge of Net Revenues. The payment of the principal of and interest on the Bonds shall be secured equally and ratably with each other by a lien on and pledge of the Net Revenues of the Hospital. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds, all required payments to the Reserve Account for the Bonds, and all other costs and expenses in connection with the Bonds, including but not limited to all costs incurred in the exercise of remedies provided pursuant to this Indenture upon the occurrence of any Event of Default pursuant to this Indenture are hereby irrevocably pledged by the Issuer and the Board to such payments as they become due. Notwithstanding anything in this Indenture or otherwise to the contrary, all Gross Revenues shall first pass through or be deposited in an account over which the Issuer or the Board, as applicable, has sole dominion and control. In furtherance of the foregoing, except to the extent permitted by law, none of the receivables from Medicare or Medicaid are intended to be "assigned" to the Trustee or any Bondholders.

### ARTICLE III

#### AUTHORIZATION OF PROJECT; REFUNDING OF PRIOR BONDS; REFINANCING OF LOAN OBLIGATION; PAYMENT OF FEDERAL TAX OBLIGATIONS

Section 3.01. Authorization of Design, Acquisition, Construction and Equipping of the Project. There is hereby authorized the design, acquisition, construction and equipping of the Project at an estimated cost of approximately \$1,764,180 in accordance with the plans and specifications which have been prepared by the Architect and which are on file in the offices of the Board. The Board shall undertake the design, acquisition, construction and equipping of the Project and shall be the party to the construction contracts for such Project.

Section 3.02. Authorization of Refunding of Prior Bonds. All Prior Bonds Outstanding as of the date of issuance of the Bonds are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of revenues in favor of the Holders of such Prior Bonds imposed by the ordinance and Indenture of Trust pursuant to which the Prior Bonds were issued, the moneys in the funds and accounts thereunder and any other funds pledged thereto or liens created thereby are hereby ordered

terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 2015 Bonds, together with other moneys available therefore, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Prior Bonds and (b) an amount of money which will either remain uninvested or be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, to provide for the payment of the principal, premium and interest accrued on the Prior Bonds as of the redemption date therefore, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Bond proceeds into the Escrow Fund, the amounts on deposit in the reserve account, and all other funds and accounts created and maintained on behalf of the Prior Bonds shall be deposited in the Escrow Fund or such other fund or account as shall be set forth in the Escrow Agreement, and either held uninvested or be invested in Government Obligations as provided in the Escrow Agreement and this Indenture.

Section 3.03. Authorization of Refinancing of the Loan Obligation. The Loan Obligation as of the date of issuance of the Bonds is hereby ordered to be repaid in full pursuant to the terms of the Escrow Agreement, and the liens and pledges in favor of the holder of the Loan Obligation are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Bonds, together with other moneys available therefore, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Loan Obligation and (b) an amount of money which will either remain uninvested or be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, to provide for the payment of the principal, premium and interest accrued on the Loan Obligation as of the redemption date therefore, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Bond proceeds into the Escrow Fund, the amounts on deposit in any funds and accounts created and maintained on behalf of the Loan Obligation shall be deposited in the Escrow Fund or such other fund or account as shall be set forth in the Escrow Agreement, and either held uninvested or be invested in Government Obligations as provided in the Escrow Agreement and this Indenture.

Section 3.04. Authorization of Payment of Federal Tax Obligations. The Federal Tax Obligations as of the date of the issuance of the Bonds are hereby ordered to be paid in full pursuant to the terms of the Escrow Agreement, and the liens and pledges of the Internal Revenue Service are hereby ordered terminated, discharged and released upon the payment of the Federal Tax Obligations to the Internal Revenue Service from the proceeds of the Bonds.

Section 3.05. Authorization of Payment of Issuance Costs. There is hereby authorized to be paid from proceeds of the Bonds deposited into the Construction Fund held by the Depository Bank, the Issuance Costs.

#### ARTICLE IV

#### GENERAL COVENANTS AND PROVISIONS

Section 4.01. Payment of Bonds. The Issuer covenants that it will promptly pay or cause to be paid, but solely from the Net Revenues, the principal of and interest on every Bond issued under this Indenture on the date and in the manner provided herein and in said Bonds according to the true intent and meaning thereof.

Section 4.02. Performance of Covenants. The Issuer covenants that it will at all times comply with all provisions contained in this Indenture, in any Bond, and in all proceedings pertaining thereto. The Issuer warrants that it is duly authorized under the Constitution and laws of the State of

West Virginia, including particularly and without limitation, the Act, to issue and sell the Bonds authorized hereby and to execute and deliver this Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the holder thereof are and will be valid and enforceable special obligations of the Issuer.

Section 4.03. Inspection of Hospital Books. The Issuer by and through the Board will keep books and records of the Hospital, 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 Hospital and the Net Revenues of the Hospital and such books and records shall at all times be open to inspection by the Trustee and the Purchaser or such accountants, agencies or consultants as the Trustee or the holders of at least 25% of the outstanding Bonds may from time to time designate.

Section 4.04. Additional Bonds. At the request of the Issuer, Additional Bonds of the Issuer ranking on a parity with the Bonds may be issued under and secured by this Indenture, to the extent permitted by law then in effect, at any time and from time to time, to pay the cost of (a) additions, renovations and improvements to the Hospital, (b) restoring or repairing the Hospital following any condemnation thereof or damage thereto to the extent the net proceeds of any insurance or condemnation award are insufficient to pay same, (c) acquiring equipment or fixtures for the Hospital, (d) refunding all or part of the Bonds or other borrowings with respect to the Hospital, or (e) any combination of the foregoing, provided however, that Additional Bonds may not be issued unless, prior to issuance of such Additional Bonds, the Trustee has first received the written consent of all Bondholders to the issuance of such Additional Bonds.

Section 4.05. Permitted Indebtedness. Except as may be otherwise consented to in writing by 100% of the Bondholders, the Issuer and the Board will not incur, permit, guaranty or assume any indebtedness relating to the Hospital other than Indebtedness consisting of the following:

- A. Indebtedness existing or contracted for on or prior to the date of delivery of the Series 2015 Bonds;
- B. Liabilities under operating contracts and operating leases;
- C. Liabilities incurred by way of endorsement for collection or deposit of checks or drafts or commercial paper received by the Issuer or Board in the ordinary course of its operations;
- D. Indebtedness incurred to provide improvements secured solely by grants, gifts, bequests, contributions or other donations not in the nature of payment for services, or by property of the Issuer or the Board other than the Hospital, and that is specifically pledged by the Issuer or the Board for such purpose;
- E. Indebtedness to a bank or banks or other lending institution for borrowed money for working capital purposes, which shall be payable no more than 365 days from the date of such borrowing and which shall be unsecured except that such indebtedness may not exceed the principal sum of \$250,000 as of the date of the incurrence, which indebtedness may be secured solely by a security interest in and pledge of the accounts receivable derived from the operation of the Hospital or inventory, or such indebtedness may be secured solely by pledges, donations, gifts, grants, bequests or contributions;
- F. Indebtedness incurred or assumed to acquire or improve property (other than current assets) and for capitalized leases; provided, that at the time of issuance thereof and after giving effect thereto, the amount of such indebtedness which, when taken, plus the indebtedness permitted to be

incurred by subsection E above, shall not exceed 20% of the Gross Revenues in the aggregate as shown on or calculable from the audited financial statements of the Board for the latest completed Fiscal Year; or

G. Subordinated Indebtedness.

Section 4.06. Covenant on Maintenance of Hospital. The Issuer agrees that as long as any of the Bonds are Outstanding, it will keep the Hospital in good condition, repair and working order (ordinary wear and tear excepted), making all repairs and replacements thereto, and operate the Hospital in a sound and economical manner.

Section 4.07. Compliance with Laws. The Issuer shall, throughout the term of this Indenture, promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Hospital or to the repair and alteration thereof, or to the use or manner of use of the Hospital. Notwithstanding the foregoing, the Issuer shall have the right to contest the legality of any such law, ordinance, order, rule, regulation or requirement as applied to the Hospital, provided that such contest shall not in any way materially adversely affect or impair the rights or obligations of the Issuer under this Indenture or materially adversely affect or impair the security interest of the Trustee under this Indenture and the Issuer shall cooperate to the extent necessary with the Trustee in any such contest.

Section 4.08. Taxes and Assessments. Subject to good faith contests, the Issuer shall pay all lawfully assessed taxes and assessments, general and specific, if any, levied and assessed on the Hospital during the term, and all utility charges, assessments, and other governmental charges and impositions whatsoever, foreseen and unforeseen.

Section 4.09. Rate Covenant. The Issuer covenants that, during each Fiscal Year, it will, to the extent permitted by applicable law and regulations, charge rates, fees and charges for the provision of services by the Hospital sufficient, together with other available moneys, (i) to produce Net Revenues in an amount at least equal to 110% of the Debt Service Requirements for such Fiscal Year, and (ii) together with any other moneys that shall be available to the Issuer, to enable the Issuer to discharge the obligations relative to the Hospital as they shall become due and payable for such Fiscal Year. The Issuer covenants that, in the event that Net Revenues are less than the requirement set forth in this Section, the Issuer will employ a Consultant acceptable to the Trustee to examine the rates, fees and charges of the Issuer with respect to the Hospital facility and the method of operation of the Hospital and to make such recommendations as such Consultant believes appropriate to enable such rate covenant to be complied with as nearly as may be possible, and the Issuer further agrees to comply with such recommendations to the extent feasible.

The foregoing provisions notwithstanding, if in any Fiscal Year the Net Revenues are less than required by the rate covenant described above, the Trustee shall not be obligated to require the Issuer to retain such a Consultant to make such recommendations if: (a) there is filed with the Trustee a written report addressed to it of such a Consultant (which report, including without limitation, the scope, form, substance and other aspects thereof, is acceptable to the Trustee) which contains an opinion of such Consultant that applicable laws or regulations have prevented the Issuer from generating Net Revenues during such Fiscal Year in an amount sufficient to comply with such rate covenant and, if requested by the Trustee, such report is accompanied by a concurring opinion of counsel not regularly employed by the Issuer (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Trustee) as to any conclusions of law supporting the opinion of such Consultant; and (b) the ratio of Net Revenues during such Fiscal Year to such Debt Service Requirement (including Subordinated Indebtedness for this purpose) was at least 1:1. The Issuer shall not be required

to cause the Consultant's report referred to in this paragraph to be prepared more frequently than once every 2 Fiscal Years if at the end of the first of such 2 Fiscal Years the Issuer provides to the Trustee an opinion of counsel not regularly employed by the Issuer (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Trustee) to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

Section 4.10. Hazardous Waste. In addition to and without limitation of all other representations, warranties and covenants made by the Issuer hereunder, the Issuer further represents, warrants and covenants it has not used Hazardous Materials (as hereinafter defined) on, from, or affecting the Hospital in any manner which violates federal, state or local laws, ordinances, rules, or regulations, governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, in a manner that would create a material adverse effect on the Hospital, and that, to the best of the Issuer's knowledge, no prior owner of the Hospital or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Hospital in any manner which violates or did violate existing applicable federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except for violations that would not create a material adverse effect on the Hospital. Without limiting the foregoing, the Issuer shall not cause or permit the Hospital or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in substantial compliance with all applicable federal, state and local laws, ordinances, rules or regulations, nor shall the Issuer cause or permit, as a result of any intentional or unintentional act or omission on the part of the Issuer or any tenant or subtenant, an unremediated release of Hazardous Materials onto the Hospital or onto any other property that would create a material adverse effect on the Hospital. The Trustee is aware that the Issuer provides healthcare services which necessitate the use, generation, storage, handling and disposal of Hazardous Materials, including Hazardous Waste and medical waste. The Issuer shall substantially comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Issuer shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by a governmental authority under an applicable statute or regulation necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Hospital in accordance with all applicable federal, state and local laws, ordinances, rules, and regulations. In addition, the Issuer shall defend, indemnify, and hold harmless the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Hospital, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Hospital; and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to such Hazardous Materials, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For the purposes of this paragraph, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes or hazardous or toxic substances defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other applicable federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph

shall be in addition to any and all other obligations and liabilities the Issuer may have to the Trustee at common law, and shall survive the termination of this Indenture.

The indemnifications and protections set forth in this Section 4.10 shall be extended, with respect to the Issuer, to its members, directors, officers, employees, agents, officials and servants and persons under the Issuer's control or supervision, and with respect to the Trustee, to any of its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

Anything to the contrary in this Indenture notwithstanding, the covenants of the Issuer contained in this Section 4.10 shall remain in full force and effect after the termination of this Indenture until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) the payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer or the Trustee relating to the enforcement of the provisions herein specified.

Section 4.11. ERISA Covenant. The Issuer will not terminate any ERISA Plan in a manner which could result in the imposition of a lien on the property of the Issuer pursuant to Section 4068 of ERISA and it will notify the Trustee within 15 days after the happening of any "Reportable Event" with respect to any ERISA Plan, as such quoted term is defined in Section 4043 of ERISA, and, in any event, at least 5 days prior to any notification of such "Reportable Event" given to the Pension Benefit Guaranty Corporation pursuant to the terms of such Section 4043.

Section 4.12. Insurance Coverage and Terms. A. The Issuer hereby covenants and agrees that it will, as an expense of construction of the Project and the operation and maintenance of the Hospital, procure, carry and maintain, or cause to be procured, carried and maintained by the Board, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(1) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor and from the date of issuance with respect to the remaining Hospital facilities, on all above-ground structures of the Hospital and the machinery and 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 Hospital, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion or redemption of the Bonds. 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 design, acquisition, construction and equipping of the Project in the full insurable value. The Issuer agrees to list the Purchaser as a lien holder on such policies as "United States of America acting through the Rural Housing Service or its Successor Agency, 1550 Earl Core Road, Suite 101, Morgantown, West Virginia 26505."

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

(3) Workers' Compensation Coverage for All Employees of the Issuer 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 Taylor 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.

(4) Medical Malpractice, in an amount not less than \$500,000 for one person and not less than \$1,000,000 for any aggregate amount of claims and, in addition, as is adequate in the judgment of the Issuer to protect the Issuer and the Hospital and its operations.

(5) Fidelity Bonds, will be provided as to every officer and employee having custody of any Net Revenues of the Hospital or of any revenues or other funds of the Hospital in an amount at least equal to one annual installment on the Bonds. During construction of the Project such fidelity bond coverage shall be in an amount at least equal to the maximum amount of funds to be under the control of such individual at any one time.

Notwithstanding the foregoing, the Issuer shall be permitted to make modifications to the foregoing liability insurance requirements and deductible amounts, including without limitation self-insurance and participation in mutual insurance arrangements, in accordance with any recommendations of an Independent Insurance Consultant. In making its decision to permit such modifications, the Independent Insurance Consultant shall consider the policies of insurance carried by hospitals of a size and character similar to the Hospital, the availability of insurance, the terms upon which insurance is available and the cost of available insurance; and the Independent Insurance Consultant shall also consider the effect of such terms and such rates upon the Hospital's costs and charges for its services. The Issuer shall pay any fees charged by such Independent Insurance Consultant and prior to the effective date of modification of insurance requirements shall give written notice to the Trustee as to the making and effective date of any modifications and shall furnish to the Trustee a copy of the report of the Independent Insurance Consultant relating thereto. If the Issuer does not agree with the recommendations of the Independent Insurance Consultant, it may, with the consent of the Trustee, employ another Independent Insurance Consultant to make the recommendations required by this Section.

If the Issuer shall decide to establish a self-insurance program, such program shall be acceptable to the West Virginia Department of Health and Human Services if required (or any successor Federal or state agency) in connection with the Medicare and Medicaid reimbursement programs or any other government program providing similar benefits. In addition, the Issuer shall file annually with the Trustee a report of an Independent Insurance Consultant setting forth his recommendations, if any, as to actions which are required in his opinion to assure that any such self-insurance program is funded and maintained in a manner which assures the actuarial soundness of the program. The Issuer shall take such action at the earliest practicable time to comply with the recommendations contained in such report.

B. The Issuer agrees that such insurance coverage shall be maintained with financially sound and reputable insurers, qualified to do business in the State and not objected to by the Trustee, and all such policies and the forms thereof shall be acceptable to the Trustee. These insurance requirements for the Hospital may be included under respective blanket insurance policies covering all operations of the Issuer. The insurance referred to in subparagraph A above shall name the Issuer and the Trustee as additional insureds as their respective interests may appear. The insurance referred to in subparagraph A(1) above shall provide that any losses payable thereunder in excess of \$100,000 with respect to the insurance referred to in subparagraph A(1) shall be payable to the Trustee. If the Issuer is the payee, or one of the payees, of any check or other instrument representing payment of any insurance proceeds referred to in subparagraph A(1) above and payable to the Trustee, as aforesaid, the Issuer will endorse the same to the order of the Trustee and deliver the same to the Trustee; and if the Issuer fails to do so, the Issuer hereby irrevocably authorizes any officer or employee of the Trustee to endorse and

deliver the same as the Issuer's attorney-in-fact. The policies for the insurance required by this Section 4.13 shall not, to the extent available, be cancellable without at least 30 days written notice to the Trustee. The Issuer covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery upon the aforesaid insurance policies.

C. All policies and certificates of insurance required hereby shall be open to inspection by the Trustee at all reasonable times. Certificates of insurance describing such policies shall be furnished by the Issuer to the Trustee at or prior to the delivery of the Bonds, and a complete list describing such policies and certificates as of January 1 of each year and, if any change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be immediately furnished to the Trustee by the Issuer. In the event that the Issuer fails to maintain any insurance as provided in this Section 4.12, the Trustee may (but shall be under no obligation to), upon such notice to the Issuer as is reasonable under the circumstances, procure and maintain such insurance, and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Issuer to the Trustee, which amounts, together with interest thereon at the interest on the Bonds, the Issuer agrees and covenants to pay and such payments and interest shall be considered to be additional indebtedness secured hereby and assigned to the Trustee under the Indenture.

Section 4.13. Insurance Proceeds. A. CASUALTY INSURANCE. Immediately after occurrence of loss or damage covered by insurance required under Section 4.12A(1) hereof, the Issuer shall immediately notify the Trustee of such event and shall remit such proceeds required to be paid to the Trustee to be held by the Trustee in an appropriately designated fund. Thereafter, the Issuer shall determine and advise the Trustee in writing, within 60 days of the occurrence of such loss or damage, whether it is practicable to repair, reconstruct or replace such damaged or destroyed property, and the estimated time required for such repair, reconstruction or replacement. The Issuer may apply the proceeds at its discretion either to the repair, reconstruction or replacement of such damaged property or to the prepayment of the Bonds in accordance with the terms hereof. In the event of an election by the Issuer not to repair, reconstruct or replace the damaged property, the Issuer will promptly (but in no event more than 60 days after such damage or destruction) inform the Trustee in writing of its decision to not rebuild and such proceeds shall be transferred to the Revenue Fund and the Bonds and the interest thereon shall become payable on the first payment date thereafter following receipt of such written notice and more than 60 days after such event. Notwithstanding any other provision in this Indenture or the Bonds, in the event that the Bonds or any part thereof are prepaid pursuant to this Section 4.13, no prepayment penalty shall be applicable and, notwithstanding the foregoing or any other provision in this Indenture to the contrary, in no event shall such proceeds be applied to the prepayment of Bonds unless the Bonds are then redeemable in accordance with the terms of this Indenture and the Bonds, including, without limitation, giving due regard to the time necessary for giving all notices of redemption thereunder. In the event that the Issuer elects to repair, reconstruct or replace the damaged property the Issuer shall promptly proceed to repair, reconstruct and replace such part of the Hospital to its original condition or a condition of at least equivalent value, immediately prior to such event, insofar as possible. The moneys required for such repair, reconstruction and replacement shall be paid from: (i) the net proceeds of insurance received by reason of such occurrence which net proceeds (after deducting any reasonable expenses incurred by the Issuer or the Trustee in collecting the same) shall be transferred to a renewal fund with the Trustee and disbursed in accordance with a requisition procedure established by the Trustee in its reasonable discretion; and (ii) to the extent such insurance proceeds are not sufficient, from moneys to be provided by the Issuer. Notwithstanding the foregoing or anything herein to the contrary, any amounts relating to such proceeds required to be rebated to the United States pursuant to Section 148(f) of the Code shall be paid in the time and manner required under the Code.

B. LIABILITY AND OTHER INSURANCE. The proceeds of all comprehensive general liability, owner's liability insurance, worker's compensation insurance and other insurance

required by Sections 4.12 and 4.13 hereof, which may be received by the Issuer shall be applied by the Issuer to the payment of any judgment, settlement or liability incurred for risks covered by such insurance, and such proceeds required to be payable to the Trustee shall be deposited in the Revenue Fund and if required by the Trustee, applied to the payment of principal and/or interest on the Bonds.

Section 4.14. City Acting Through Board. The City hereby covenants and agrees that so long as any of the Bonds are outstanding, the City will manage, administer, operate and maintain the Hospital solely through the Board and that the City will not interfere in any way with the Board in performance of its duties. It is expressly hereby represented by the City in the issuance of the Bonds that the Hospital will be free from political control and supervision so long as any of the Bonds are outstanding. All covenants hereof which require action by the City shall be deemed to mean that the City will act through the Board insofar as such action may lawfully be taken by the Board under the laws of the State.

Section 4.15. Additional Representations and Covenants. A. The estimated economic life of the Hospital is not less than 30 years.

B. The estimated revenues to be derived in each year after the date hereof from the operation of the Hospital shall be sufficient, upon refunding and defeasance of the Prior Bonds and the refinancing of the Loan Obligation, to provide for the repair, maintenance and operation of the Hospital, the payment of the principal of and interest on all Bonds issued hereunder and all payments into the Sinking Fund and the Reserve Account, as hereinafter provided, and to make all other payments provided for in this Indenture.

C. One of the purposes of issuing the Bonds for the purposes of refunding of the Prior Bonds, refinancing the Loan Obligation and paying the Federal Tax Obligations is to effect the release, termination or modification of liens, restrictions, covenants, conditions or limitations imposed by the Prior Bonds and the Loan Obligation.

D. It is in the best interest of the Issuer, and the residents thereof, that the Issuer issue the Bonds and secure the Bonds by a pledge and assignment of the Net Revenues derived from the operation of the Hospital, and all the moneys in the funds and accounts as further set forth herein.

E. All things necessary to make the Bonds, when authenticated by the Registrar and issued as in this Indenture provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Bonds, and to comply with the limitations imposed by the Bond Act and the Refunding Act upon the issuance of the Bonds have been timely met, done and duly performed.

F. The execution and issuance of the Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

## ARTICLE V

### FUNDS AND ACCOUNTS; REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Revenue Fund and Construction Fund. The Revenue Fund and Construction Fund are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other and the

funds on deposit therein from time to time are hereby pledged unto the Trustee in order to secure repayment of the Series 2015 Bonds.

Section 5.02. Establishment of Sinking Fund and Reserve Account. The Sinking Fund and Reserve Account therein are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other and all funds on deposit therein from time to time are hereby pledged and assigned to the Trustee as security for repayment of the Series 2015 Bonds.

Section 5.03. Bond Proceeds; Construction Fund. A portion of the proceeds of the sale of the Series 2015 Bonds in the amount of \$1,779,800 shall be deposited on the Closing Date upon receipt by the Issuer in the Construction Fund. Additional funds shall be deposited into the Construction Fund as need to pay the costs of the Project on a periodic basis as such funds are requisitioned from time to time by the Issuer from the Purchaser and disbursed by the Purchaser upon completion of such inspections and the receipt of such documents as shall be satisfactory to the Purchaser. The moneys in the Construction Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Construction Fund shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Construction Fund shall be used solely to pay the cost of design, acquisition, construction and equipping of the Project, to currently refund the Prior Bonds, to refinance the Loan Obligation and to pay the Issuance Costs of the Bonds upon vouchers and other documentation approved by the Purchaser.

The Board shall undertake and carry out the design, acquisition, construction and equipping of the Project. Until completion of design, acquisition, construction and equipping of the Project, the Issuer will additionally transfer from the Construction Fund 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 Bonds if there are not sufficient Revenues to make such monthly payment.

Pending application as provided in this Section 5.03, money and funds in the Construction Fund shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 5.04. Revenues; Flow of Funds. A. Notwithstanding anything in this Indenture to the contrary, the entire Gross Revenues derived from the operation of the Hospital shall, upon receipt by the Issuer or Board, as applicable, be deposited into, or otherwise be paid directly into, a deposit account in the name of the Issuer or Board, as applicable, which deposit account, including, without limitation, the funds held therein, shall be under the sole dominion and control of the Issuer or the Board, as the case may be, and in which the Issuer and the Board shall grant no pledge, assignment or other security interest. The Issuer or the Board, as applicable, will provide a standing revocable sweep directive to the bank in which such account is maintained to transfer, each Business Day, the funds in such account to the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer or the Board and the Depository Bank. Subject to the provisions of this Indenture, all Gross Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on or before the 1<sup>st</sup> day of each month, transfer from the Revenue Fund and pay to the Commission for deposit in the Sinking Fund, the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of the Bond issue.

(3) The Issuer shall next, on each date that payment is made as set forth in Section 5.04(A)(2) above, transfer from the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120<sup>th</sup> of the Reserve Requirement, provided that, no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. After the Reserve Requirement has been accumulated in the Reserve Account, the Issuer 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, or payments with respect to, the Bonds, as shall be required to maintain the Reserve Requirement in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the Series 2015 Bonds as the same shall become due or for prepayment of installments on the Series 2015 Bonds, or for mandatory prepayment of the Series 2015 Bonds as hereinafter provided, and for no other purpose.

(4) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not required to be retained therein may be used for any lawful purpose of the Hospital.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Series 2015 Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2015 Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 Bonds as the same shall become due. Moneys in the Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2015 Bonds as the same shall come due, when moneys in the Sinking Fund are insufficient therefore, and for no other purpose.

In the event that moneys in the Reserve Account are disbursed in order to make any scheduled payment of principal of or interest on the Series 2015 Bonds, or any portion thereof, such moneys shall be restored by the Issuer within a period of not more than 12 months.

As and when Additional Bonds ranking on a parity with the Series 2015 Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the principal of and interest on such Additional Bonds as and when the same become due.

The Issuer shall not be required to make any further payments into the Sinking Fund or the Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate

principal amount of the Series 2015 Bonds issued pursuant to this Indenture then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Reserve Account 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.

Moneys in the Sinking Fund and in the Reserve Account shall be invested and reinvested by the Commission as provided herein and in accordance with Section 7.01 hereof.

Subject to the provisions of this Indenture, all the funds provided for in this Article V shall be used only for the purposes and in the order provided herein, and until so used, the Trustee shall have a lien thereon for further securing payment of the Series 2015 Bonds and the interest thereon, but the Depository Bank and the Commission shall not be a trustee as to such funds.

The Commission shall keep the moneys in the 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 Indenture 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 part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Account, so long as the Reserve Requirement is on deposit and maintained therein, shall be paid annually in January by the Commission to the Issuer for deposit by the Issuer into the Revenue Fund.

B. 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 Issuer determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Issuer will cause notice of the change to be sent by registered or certified mail to the Trustee and the Purchaser.

C. CHARGES AND FEES. 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 sums as shall be necessary to pay their respective charges, fees and expenses then due.

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

E. DEFICIENCIES. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the fund and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be

made pursuant to this Section 5.04, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

F. 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 and shall be accompanied by appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Indenture.

G. GROSS REVENUES. The Gross Revenues of the Hospital shall only be used for purposes of the Hospital.

Section 5.05. Disbursements from Sinking Fund. The Commission shall disburse funds on deposit in the Sinking Fund, on or before the 15<sup>th</sup> day of each month, by check, or such other means of payment as shall be mutually agreed upon by the Commission and the Purchaser, to the local finance office of the Purchaser located at Randolph Center Building, 1200 Harrison Avenue, Suite 150, Elkins, West Virginia 26241 (the "Local Finance Office"). The Local Finance Office of the Purchaser shall thereupon disburse such funds as promptly as may be feasible in the circumstances to the Purchaser, or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may hereafter designate in writing to the Commission and the Issuer.

Section 5.06. Repayment to Hospital Upon Payment of Bonds. Any amounts remaining in any fund or account created hereunder after payment in full of the principal and redemption premium, if any, of and interest on the Series 2015 Bonds, and the reasonable fees, charges and expenses of the Trustee, the Registrar, the Paying Agent and the Depository Bank incurred in connection with the Series 2015 Bonds, shall be paid to the Hospital for use by the Hospital for any lawful purpose of the Hospital.

## ARTICLE VI

### APPLICATION OF PROCEEDS OF BONDS

Section 6.01. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2015 Bonds, the Issuer shall forthwith deposit a portion of the proceeds thereof on the Closing Date in the amount of \$955,857.87 with the Commission for deposit into the Escrow Fund created pursuant to the Escrow Agreement and shall deposit a portion of the proceeds of the Bonds on the Closing Date in the amount of \$846,165.32 with the Depository Bank for deposit into the Construction Fund established pursuant to Section 5.01 of this Indenture. Following such deposits, the Commission and the Depository Bank shall apply such funds as follows:

A. The Commission shall apply all Series 2015 Bond proceeds and other funds deposited into the Escrow Fund in the manner and otherwise as provided for in the Escrow Agreement, and in particular as follows:

\$647,555.30 to the current refunding and defeasance of the Prior Bonds;

\$336,079.88 to the repayment and refinancing of the Loan Obligation; and

\$2,262.36 to the payment of the fees of the Commission

B. Series 2015 Bond proceeds in the amount of \$848,427.68 which have been deposited into the Construction Fund on the Closing Date shall be applied to the payment of costs of the Project, the

payment of the Federal Tax Obligations and the payment of Issuance Costs, to such payees and in such amounts as set forth in a closing memorandum to be delivered on the Closing Date. The remaining available proceeds of the Series 2015 Bonds in the amount of \$1,870,130 shall be advanced from time to time by the Purchaser upon the approval by the Purchaser of periodic requisitions and supporting invoices or other documentation as shall be acceptable by the Purchaser and upon the completion of any necessary inspections as may be required by the regulations or practices of the Purchaser and thereupon deposited into the Construction Fund for application to the payment of the costs of the Project which have been approved for payment by the Purchaser. Any proceeds of the Series 2015 Bonds which remain on deposit in the Construction Fund upon the completion of the Project and any available portion of the par amount of the Series 2015 Bonds which remains unadvanced following the completion of the Project shall be applied in accordance with the regulations and practices of the Purchaser.

## ARTICLE VII

### INVESTMENTS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Indenture, 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 Indenture, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

The Depository Bank and the Commission shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often if reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and for a period of 5 years thereafter.

## ARTICLE VIII

### SATISFACTION AND DISCHARGE

Section 8.01. Satisfaction and Discharge. All rights and obligations of the Issuer under this Indenture shall terminate, and this Indenture shall cease to be of further effect, and the Trustee, Depository Bank and Commission shall assign and deliver to the Issuer any moneys and investments held

hereunder (except moneys or investments held by the Commission for the payment of principal of and interest on the Bonds when due or called for redemption) at such time that:

(A) All reasonable fees, expenses and costs of the Trustee, Depository Bank, Registrar and the Commission shall have been paid;

(B) The Issuer shall have performed all of its agreements in this Indenture; and

(C) All principal of and interest on the Bonds shall have been paid as provided for herein or in the Bonds either upon the maturity thereof or upon prepayment as provided for in the Bonds together with all other costs, charges and expenses which are due and payable in connection with the Bonds as provided herein or in the Bonds; and

Notwithstanding any discharge of this Indenture, the Trustee shall enforce, on its own behalf and on behalf of the Bondholders, by appropriate action, any rights arising hereunder.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following shall be an "Event of Default" hereunder:

(a) Failure to make a payment of principal of or interest on any Bond as the same becomes due and payable;

(b) Failure by the Issuer to perform any of its covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture other than as specified in (a) above, and such failure shall continue for the period and after the notice specified in Section 9.02 hereof.

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

(d) If the Issuer defaults in the due and punctual performance of any covenant set forth in the Loan Resolution (RUS Bulletin 1780-27) adopted by the Issuer on \_\_\_\_\_, 2014 in connection with the Series 2015 A Bonds and the Loan Resolution adopted by the Issuer on September 8, 2015 in connection with the Series 2015 B Bonds and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Issuer by Purchaser; provided that if any such default cannot be cured within thirty (30) days the period shall be extended for such period as is reasonable to cure the same with due diligence if the Issuer commences the cure within thirty (30) days and proceeds diligently.

Section 9.02. Notice of Default; Opportunity to Cure. No default under Sections 9.01(b) or (d) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Issuer by the Trustee or by holders of not less than 25% in aggregate principal amounts of all Bonds Outstanding and until the Issuer shall have had 30 days after receipt of such notice to correct such default, and shall not have corrected it.

The Issuer hereby grants the Board full authority for the account of the Issuer to perform any covenant or obligation alleged to constitute a default in any notice given pursuant to this Section 9.02 in the name of the Issuer and with full power of substitution.

In the event that any payment referred to in Section 9.01(a) is not timely made, the Trustee shall immediately notify the Issuer by the fastest means of communication reasonably available that such payment has not been made and shall confirm such notice in writing, but failure to so notify will not toll any period or waive any Event of Default.

Section 9.03. Acceleration; Cure. If any Event of Default under subparagraph (a) of Section 9.01 occurs, the entire principal amount of the Bonds then Outstanding shall become due and payable without notice or demand. Should any Event of Default other than one described in the preceding sentence occur and be continuing, then the Trustee may, and, upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing delivered to the Issuer and the Board, declare the principal of all Bonds then Outstanding to be due and payable immediately. Upon such declaration, the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything in this Indenture or in the Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of the Bonds shall have been so declared to be due and payable, all arrears of principal and interest upon the Bonds, and all other sums payable under this Indenture (except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable), shall have been paid by or on behalf of the Issuer, and the Issuer also shall have performed all other things in respect of which it may have been in default hereunder, and shall have paid the reasonable charges of the Trustee, its counsel and the holders of the Bonds, including reasonable attorneys' fees paid or incurred, then and in every such case, the holders of not less than a majority in aggregate principal amount of each series of Bonds then outstanding may, by written notice to the Issuer, the Board and to the Trustee, waive such default and rescind and annul such declaration and its consequences, and such waiver shall be binding upon the Trustee and upon all holders of Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Section 9.04. Powers of Trustee. If any Event of Default occurs and is continuing, the Trustee in its discretion may, and, upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and upon receipt of indemnity to its satisfaction, shall, take any or all of the following actions:

- (a) Enforce each and every right of the Trustee under this Indenture or otherwise;
- (b) By mandamus or other proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to comply with the provisions of this Indenture and to require the Issuer or the Board to carry out any other agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act;
- (c) Bring suit upon the Bonds;
- (d) By a proceeding in equity require the Issuer or the Board to account as if it were the trustee of an express trust for the Bondholders;

(e) By a proceeding in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(f) Seek the appointment of a receiver for the Hospital facilities by a court of appropriate jurisdiction for the operation of such Hospital facilities by such receiver and the collection of the rents, revenues, issues, earnings, income and products of such Hospital facilities, with such powers as the court making such appointment shall direct.

The Trustee may maintain any proceeding without the possession of any of the Bonds or the production thereof in connection with said proceeding.

If any proceeding taken by the Trustee on account of any Event of Default is discontinued or abandoned for any reason, or determined adversely to the Trustee, then and in every case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05. Powers of Bondholders. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder.

Section 9.06. Limitations on Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless:

(a) Such holder previously shall have given to the Trustee written notice of an Event of Default;

(b) The holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name;

(c) There shall have been offered to the Trustee, security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(d) The Trustee shall have refused or neglected to comply with such request within a reasonable time.

Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder; it being understood and intended that no Bondholder shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of all holders of Outstanding Bonds affected thereby,

subject to the provisions of this Indenture. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to institute suit for the enforcement of payment of the principal of and interest on such Bond when due and payable in accordance with its terms, upon redemption or otherwise.

Section 9.07. Right of Purchaser to Act. Notwithstanding anything set forth in this Indenture to the contrary, so long as the Purchaser is the Holder of the Bonds, the Purchaser may institute a suit, action or proceedings in equity or at law, in state or federal court, for the execution of any trust under this Indenture or for any other remedy hereunder using applicable state or federal law. Specifically, Purchaser shall not be obligated to first request the Trustee to act on behalf of Purchaser and may proceed directly against the Issuer, provided it is understood and intended that Purchaser shall not have any right to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture, except in the manner provided therein, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture. Any recovery shall be for the benefit of all Holders of Outstanding Bonds on a parity basis. The Trustee shall not be answerable for the exercise by Purchaser of its powers set forth in this Section, except only its own misconduct or gross negligence. Where Purchaser institutes an action pursuant to this Section, the Trustee is empowered to receive moneys from such proceeding and to disburse such funds in accordance with the terms of this Indenture (as supplemented and/or amended from time to time), including for the payment of moneys due to the Trustee under this Indenture (as supplemented and/or amended from time to time) and for the benefit of all Holders on a parity basis.

Section 9.08. Control of Proceedings Commenced by the Trustee and Commenced by Purchaser. Notwithstanding anything in this Indenture to the contrary, until such time as the Purchaser shall have notified the Trustee of its election to have the Trustee enforce Purchaser's rights under this Indenture, and Trustee shall have accepted such election, the provisions of (i) Sections 9.04 and 9.06 requiring the Trustee to act and (ii) Sections 9.05 and 9.06 permitting Bondholders to act, in all such cases, on the written request of the Registered Owners of not less than twenty-five percent (25%) of principal amount of the Bonds then Outstanding hereunder, shall mean the Registered Owners excluding the Purchaser of not less than twenty-five percent (25%) of the principal amount of the Bonds then Outstanding hereunder excluding the principal amount of any Bonds then Outstanding held by the Purchaser. Where Purchaser has commenced an action pursuant to the terms of Section 9.07 above, Purchaser shall control such action in accordance with such Section 9.07.

Section 9.09. Remedies not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.10. Delay or Omission of Trustee. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.11. Application of Moneys. Any moneys received by the Trustee while an Event of Default is continuing and any available moneys held in the Sinking Fund, Reserve Account or otherwise, after first being applied to the payment of the reasonable fees and expenses of the Trustee shall be applied in the following order:

(A) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment to the persons entitled thereto of all installments of principal and interest then due on the Bonds, in the order of maturity of the installments of such principal and interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds, without preference or priority, according to the amounts due respectively for principal and interest, to the persons entitled thereto.

(C) To the extent of the surplus, if any, to the Issuer or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied pursuant to this Section 9.11, the Trustee shall fix the date (which shall be a payment date on the Bonds unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amount of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 9.12. Severability of Remedies. It is the purpose and intention of this Article IX to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but, should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture.

Section 9.13. Limitation on Remedies and Rights. The Trustee and the Bondholders expressly acknowledge and agree that the grant and exercise of all rights and remedies are subject to laws applicable to health care providers, including, without limitation, laws protecting the confidentiality of patient information, and that in connection with the exercise of any rights or remedies, it may be necessary to obtain approval of, consents, determinations, exceptions or certifications from, third parties, including without limitation, commercial and governmental payers and health care regulatory authorities and agencies.

Section 9.14. Limited Indemnification Where Trustee Acts on Behalf of Purchaser. Should Purchaser elect to have the Trustee enforce Purchaser's rights under this Indenture, Purchaser's obligation to indemnify the Trustee against the liabilities associated with a request for enforcement of remedies shall be limited to the extent permitted by law, provided however, the Trustee shall not be required to institute an action on Purchaser's behalf unless indemnification is provided to the Trustee in accordance with the terms of this Indenture.

## ARTICLE X

### CONCERNING THE TRUSTEE

Section 10.01. Acceptance of Trust. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts in accordance with the provisions set forth in this Indenture, but only upon and subject to the following express terms and conditions:

A. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any non-negligent action or non-action in reliance upon such opinion or advice.

B. The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or the Board hereunder, except as hereinafter set forth, but the Trustee may require of the Issuer or the Board full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of such property. The Trustee shall have no obligation to perform any of the duties of the Issuer under this Indenture. The Trustee shall not be responsible for reviewing any financial information of the Board which it receives pursuant to this Indenture. Except during the continuance of an Event of Default, the Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

C. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

D. The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefore or in place thereof.

E. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by its Mayor, City Manager or any certificate signed by the Board's President or Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Subsection G of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Clerk of the Issuer under its seal to the effect that a resolution

or ordinance in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted, and is in full force and effect.

F. The permissive right of the Trustee (indicated by the word "may" and not by the word "shall") to take actions under this Indenture shall not be construed as a duty and the Trustee, except during the continuance of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the performance of such duties, the Trustee shall be answerable only for its gross negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise, as an ordinarily prudent man would exercise or use under the circumstances in the conduct of his own affairs.

G. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least 25% in aggregate principal amount of Bonds then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

H. The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real or tangible personal property as in this Indenture provided.

I. At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto as may be desired.

J. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

K. Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

L. Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful default of the Trustee by reason of any action so taken.

M. All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 10.02. Notice of Default to Bondholder. Within 30 days after the occurrence of any Event of Default (or event which would with the passage of time or giving of notice or both be an Event of Default) hereunder of which the Trustee has actual knowledge or has, or is deemed to have, notice, the Trustee shall, unless such event or Event of Default shall no longer subsist, mail notice thereof to all Bondholders; provided, however, that such notice need not be given if the Trustee determines that to give such notice is not in the best interests of the holders of Bonds of all series.

For purposes of this Section 10.02, the Trustee shall not be deemed to have actual knowledge of any Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

Section 10.03. Rights and Powers During Default. Subject to its responsibility to act upon the direction of Bondholders hereunder, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 10.04. Right to Rely Upon Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the trust and accuracy of such statements.

Section 10.05. Right to Own and Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take, with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Board and may act as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not Trustee hereunder.

Section 10.06. Interest Upon Moneys Received. The Trustee shall not be under any liability for interest on any moneys received under any of the provisions of this Indenture, except such as may be agreed upon between the Trustee and the Issuer. All interest allowed on any such moneys shall be credited as provided in Article VII hereof with respect to interest on investments.

Section 10.07. Construction of Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof.

Section 10.08. Co-Trustee. The Trustee, with the approval of the Issuer, may appoint an additional individual institution as a separate or co-trustee. If the Trustee appoints a separate or co-trustee, each power or right vested in the Trustee hereunder shall be exercisable by and vest in such separate or co-trustee to exercise such powers or rights, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Section 10.09. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice to the Issuer and the Board and by registered or certified mail to each registered owner of Bonds then Outstanding, and such resignation

shall take effect upon the appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

Section 10.10. Removal of Trustee. The Trustee or any Trustee hereafter appointed hereunder may be removed at any time by an instrument in writing appointing a successor Trustee, filed with the Trustee so removed, the Issuer and the Board and executed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

Section 10.11. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by its Mayor or City Manager and attested by its City Clerk under its seal shall forthwith appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Section 10.12. Qualification of Successor Trustee. Every successor Trustee appointed pursuant to any of the foregoing provisions which is not a governmental entity or representative of such governmental entity shall be a trust company or a national bank or state bank with trust powers in good standing and, if there be such a trust company or national or state bank willing and able to accept the trust on reasonable and customary terms, shall have a reported capital and surplus of not less than \$10,000,000.

Section 10.13. Court Appointment of Successor Trustee. In case at any time the Trustee or any Trustee hereafter appointed shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within 3 months after a resignation by the Trustee, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 10.14. Acceptance and Transfer of Trust. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the Board an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the trust estate and the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the trust estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.15. Successor Trustee by Merger. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.16. Trustee's Right to Make Advances. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal or interest on the Bonds, the Trustee may, in its discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do, and no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.17. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, and shall intervene if it is requested in writing by the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding and if provided indemnity pursuant to Section 9.06 hereof. The rights and obligations of the Trustee under this Section 10.17 are subject to the approval of a court of competent jurisdiction. Notwithstanding anything herein to the contrary, the Trustee shall not be liable for its actions except as a result of its gross negligence or willful misconduct.

Section 10.18. Registration Under Securities Act, etc. In the event that the Bonds become subject to registration under the Securities Act of 1933 or the West Virginia Uniform Securities Act, or the Indenture becomes subject to qualification under the Trust Indenture Act of 1939, upon receipt of an opinion of Bond Counsel to such effect, the Trustee and the Issuer will take all actions necessary and will cooperate with the Issuer and Bond Counsel to accomplish such registration or qualification.

## ARTICLE XI

### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 11.01. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. The fact and the date of the execution by any person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgment or by an affidavit of a witness to such execution.

Nothing contained in this Article XI shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request, consent or other action of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee, the Issuer or the Board in pursuance thereof.

## ARTICLE XII

### SUPPLEMENTAL INDENTURES; MODIFICATION OF THE INDENTURE

Section 12.01. Supplemental Indentures Without Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall be consistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;
- (d) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new trustee hereunder;
- (e) To make any other change in this Indenture which, in the judgment of the Trustee in reliance upon an Opinion of Counsel, does not materially adversely affect the rights of the holders of any Bonds; or
- (f) To comply with the provisions of the Trust Indenture Act of 1939, as amended.

Section 12.02. Modification of the Indenture with Consent of Bondholders. From time to time the holders of not less than 60% in aggregate principal amount of the Outstanding Bonds materially adversely affected by any waiver under, or modification or alteration of, this Indenture may, by an instrument or instruments in writing signed by such holders and filed with the Trustee, assent to and authorize any such waiver, modification or alteration that shall be proposed by the Issuer and consented to by the Trustee; and any action herein authorized to be taken, with the assent or authority given as aforesaid shall be binding upon the holders of all the Bonds hereby secured and upon the Trustee as fully as though such action were specifically and expressly authorized by the terms of this Indenture; provided that, without the consent of the holders of all Bonds affected thereby, no such waiver, modification or alteration shall permit (a) the reduction of the portion of the Bonds the consent of the holders of which is required for any waiver, modification or alteration of this Indenture, (b) the extension of the time or times of payment of the principal of and interest on the Bonds, whether at maturity, upon redemption, or otherwise, or (c) the reduction in the principal amount thereof or in the rate of interest or the amount of any premium thereon or any change in the currency for payment thereof.

## ARTICLE XIII

### MISCELLANEOUS

Section 13.01. Sole Benefit of Parties and Bondholders. Except as herein otherwise provided with respect to the Board, nothing in this Indenture expressed or implied is intended or shall be

construed to confer upon any person, firm or corporation other than the parties hereto and the holders of the Bonds any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the parties hereto and the holders of the Bonds.

Section 13.02. Severability of Provisions. In case any one or more of the provisions of this Indenture or of the Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 13.03. Notices. All communications hereunder shall be in writing and, unless otherwise required under this Indenture, shall be deemed sufficiently given or made if delivered personally to the person who is to receive the same or if mailed to such person by first class mail, registered or certified, return receipt requested, postage prepaid, by deposit thereof in a United States Post Office, or branch thereof, within the United States of America addressed:

If to the Issuer:

City of Grafton  
1 West Main Street  
Grafton, West Virginia 26354  
Attention: City Manager

If to the Board:

Grafton City Hospital, Inc.  
1 Hospital Plaza  
Grafton, West Virginia 26354  
Attention: Administrator

If to the Trustee:

United Bank, Inc.  
500 Virginia Street East  
Charleston, WV 26301  
Attention: Corporate Trust Department

If to Purchaser:

United States Department of Agriculture  
National Finance Office  
St. Louis, Missouri 63103

If to the Commission:

West Virginia Municipal Bond Commission  
900 Pennsylvania Avenue, Suite 1117  
Charleston, West Virginia 25301  
Attention: Executive Director

The Trustee, the Issuer, the Board, the Purchaser and the Commission may, by notice given hereunder, designate any further or different addresses to which subsequent communications shall be sent.

Section 13.04. Successors and Assigns. None of the covenants, promises and agreements made in this Indenture by or on behalf of the Issuer or the Trustee shall be assignable by either of them except as expressly provided herein; but insofar as assignable or otherwise transferable this Indenture shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 13.05. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all such counterparts shall together constitute but one and the same instrument.

Section 13.06. Governing Law. Except as otherwise specifically provided herein, this Indenture and all Bonds issued hereunder have been or will be executed and delivered under the laws of the State of West Virginia, and such laws shall govern the construction of this Indenture and of all such Bonds.

Section 13.07. Payments Due on Saturdays, Sundays and Holidays. In any case where the date for any payment on or with respect to the Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the domicile of the Trustee are authorized by law to close, then payment shall be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close.

Section 13.08. No Liability on Issuer. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Indenture, the Issuer has not obligated itself except with respect to the Revenues, as herein above provided. No officer or member of the Issuer shall be personally liable on this Indenture or on any Bonds, nor shall the issuance of the Bonds under this Indenture be considered a misfeasance in office.

THE BENEFICIARY OF THIS INDENTURE OF TRUST AT THE TIME OF EXECUTION AND DELIVERY, AS THE PURCHASER OF THE BONDS, IS AS FOLLOWS:

United States of America Acting Through the Rural Housing Service  
United States Department of Agriculture- Rural Development  
West Virginia State Office  
1550 Earl Core Road, Suite 101  
Morgantown, West Virginia 26505

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

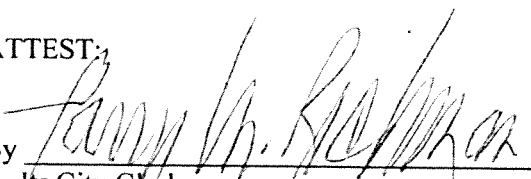
CITY OF GRAFTON

[SEAL]

By   
Its Mayor

By   
Its City Manager

ATTEST:

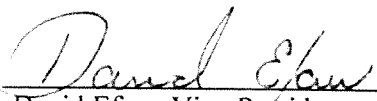
By   
Its City Clerk

UNITED BANK, INC.,  
as Trustee

By \_\_\_\_\_  
Its: \_\_\_\_\_

ACCEPTED AND AGREED TO BY:

GRAFTON CITY HOSPITAL, INC., as or its board as  
the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital

By   
David Efaw, Vice-President

By   
Patrick D. Shaw, Administrator/Chief Executive Officer

APPROVED AND CORRECT AS TO FORM:

By   
Shawn Nines, City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Indenture of Trust to be executed and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

CITY OF GRAFTON

[SEAL]

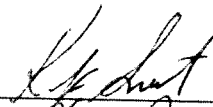
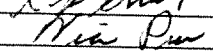
By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

UNITED BANK, INC.,  
as Trustee

By   
Its: 

ACCEPTED AND AGREED TO BY:

GRAFTON CITY HOSPITAL, INC., as or its board as  
the City Hospital Board of Grafton City Hospital or  
the Board of Trustees of Grafton City Hospital

By \_\_\_\_\_  
David Efaw, Vice-President

By \_\_\_\_\_  
Patrick D. Shaw, Administrator/Chief Executive Officer

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A – SERIES 2015 A BOND FORM

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$2,999,930

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Two Million Nine Hundred Ninety Nine Thousand Nine Hundred Thirty and 00/100 Dollars (\$2,999,930), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$13,080, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 A (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$2,999,930, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 B (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 B BONDS" AND

TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$650,000.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part,

together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A  
RECORD OF ADVANCES

| AMOUNT          | DATE       | AMOUNT | DATE |
|-----------------|------------|--------|------|
| (1) \$1,129,800 | 10/28/2015 | (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 \$ _____  |            |        |      |

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 A Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

Dated this October 28, 2015.

UNITED BANK, INC., as Registrar

By \_\_\_\_\_  
Its: \_\_\_\_\_

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

| <u>Date of Registration</u> | <u>In Whose<br/>Name Registered</u> | <u>Signature of Registrar</u> |
|-----------------------------|-------------------------------------|-------------------------------|
| <u>October 28, 2015</u>     | <u>United States of America</u>     | _____                         |
| _____                       | _____                               | _____                         |
| _____                       | _____                               | _____                         |

EXHIBIT B – SERIES 2015 B BOND FORM

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF GRAFTON  
HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BOND,  
SERIES 2015 B  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$650,000

FOR VALUE RECEIVED, the CITY OF GRAFTON (West Virginia), a municipal corporation and political subdivision of the State of West Virginia (hereinafter referred to as the "Borrower"), hereby 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 Six Hundred Fifty Thousand and 00/100 Dollars (\$650,000), or such lesser amount as shall have been advanced to or upon the order of the Borrower and not theretofore been repaid as indicated in the Record of Advances attached hereto as Exhibit A, plus interest on the unpaid principal balance at the rate of 3.25% per annum. The principal amount of this Bond, together with the accruing interest thereon, shall be due and payable on the 28<sup>th</sup> day of each month in 360 equal amortizing monthly installment payments consisting of principal and interest in the amount of \$2,834, commencing on November 28, 2015 and concluding on October 28, 2045, which shall be the maturity date of this Bond (the "Maturity Date"), except that the final installment shall be paid on the Maturity Date, in the sum of the unpaid principal and interest due on such date. The monthly payment amount will be adjusted by the Government and provided to the Issuer and the Trustee in the event that the entire principal amount of this Bond is not advanced by the Government as indicated in the attached Record of Advances. This Bond may be prepaid 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 the Borrower as requested by the 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 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 the 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 the Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the 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 the 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 the 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 the 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 the Borrower to the Government without demand. The Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The 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 is the only Bond of an authorized issue of a series of City of Grafton Hospital Refunding and Improvement Revenue Bonds, Series 2015 B (United States Department of Agriculture) (the "Bonds"), issued in the aggregate principal amount of \$650,000, pursuant to the provisions of Chapter 8, Article 16 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act") an Ordinance enacted by the Issuer on October 6, 2015 as supplemented (the "Ordinance") and an Indenture of Trust dated as of October 28, 2015 (the "Indenture"), by and between the Issuer and United Bank, Inc., as Trustee (the "Trustee") for the purposes of (in combination with the proceeds of the Series 2015 B Bonds) (i) financing the design, acquisition, construction and equipping of certain improvements to Grafton City Hospital (the "Hospital") and the acquisition of certain personal property, equipment and fixtures for the Hospital facility (the "Project"); (ii) to refund the Hospital Refunding Revenue Bonds, Series 2002 (Grafton City Hospital), dated January 3, 2002, issued in the original aggregate principal amount of \$1,500,000 (the "Prior Bonds"); (iii) to refinance a Promissory Note, dated July 8, 2013, payable to JP Morgan Chase Bank, N.A. entered into with respect to the Hospital facility by Grafton City Hospital, Inc. by and through the Board (the "Loan Obligation" and collectively with the Prior Bonds, the "Outstanding Obligations"); (iv) paying existing federal tax liabilities of the Board with respect to the Hospital pursuant to Section 941 of the Internal Revenue Code (payroll tax withholding liabilities) (the "Federal Tax Obligations"); and (iv) paying costs of issuance of the Bonds and related costs. The Bonds are payable from the Net Revenues of the Hospital and are secured by a pledge of such Net Revenues and a first statutory mortgage lien on the Hospital, as provided pursuant to the Indenture and the Act and subject to the terms and conditions of the Indenture. The Bonds are also secured by a Credit Lien Deed of Trust (the "Deed of Trust") on the Hospital facilities by and between the Borrower and the trustees named therein for the benefit and security of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Purchaser").

THE BONDS WILL BE ISSUED ON A PARITY WITH RESPECT TO LIEN ON, SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE CITY OF GRAFTON HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE) (THE "SERIES 2015 A BONDS" AND

TOGETHER WITH THE BONDS, THE "SERIES 2015 BONDS"), ISSUED CONCURRENTLY ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,999,930.

The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties, limitations and obligations of the Issuer, the Trustee and the holders of the Bonds and the terms upon which the Bonds are issued.

This Bond shall only be transferable by transfer of registration upon the books of United Bank, Inc. (the "Registrar") as provided herein and in the Indenture. This Bond shall be registered in the Bond Register and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on this Bond.

The Registrar shall not be obligated to make any registration or transfer of any Bonds during the 15 day period preceding a scheduled payment date.

This Bond is a special and limited obligation of the Issuer and is payable solely from and secured solely by the Net Revenues of the Hospital as provided pursuant and subject to the Indenture, a pledge of certain funds and accounts created pursuant and subject to the Indenture as provided in the Indenture, a statutory mortgage lien on the Hospital, as provided under the Act and a Deed of Trust lien on the Hospital. This Bond shall never constitute an indebtedness of the Issuer, the Board or the State of West Virginia within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Board or the State of West Virginia. Neither shall this Bond nor the interest payable hereon be a charge against the general credit or taxing power of the Issuer, the Board or the State of West Virginia.

Holders of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

If at any time it shall appear to the Government that the 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, the 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 the Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part,

together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be executed by its Mayor and City Manager, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Clerk and has caused this Bond to be dated October 28, 2015.

The date of original delivery of this Bond is October 28, 2015.

CITY OF GRAFTON

[SEAL]

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager

ATTEST:

By \_\_\_\_\_  
Its City Clerk

APPROVED AND CORRECT AS TO FORM:

By \_\_\_\_\_  
Shawn Nines, City Attorney

EXHIBIT A  
RECORD OF ADVANCES

| <u>AMOUNT</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> |
|---------------|-------------|---------------|-------------|
| (1) \$650,000 | 10/28/2015  | (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 \$650,000

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:

\_\_\_\_\_

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Series 2015 B Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner last set forth in the "SCHEDULE OF REGISTERED OWNERS," attached hereto as of the date set forth thereon.

Dated this October 28, 2015.

UNITED BANK, INC., as Registrar

By \_\_\_\_\_  
Its: \_\_\_\_\_

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

| <u>Date of Registration</u> | <u>In Whose<br/>Name Registered</u> | <u>Signature of Registrar</u> |
|-----------------------------|-------------------------------------|-------------------------------|
| <u>October 28, 2015</u>     | <u>United States of America</u>     | _____                         |
| _____                       | _____                               | _____                         |
| _____                       | _____                               | _____                         |