

**LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2018 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

BOND RESOLUTION

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LINCOLN PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF LINCOLN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$401,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2018 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Lincoln Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Lincoln County of said State, duly created pursuant to the Act by The County Commission of Lincoln County.

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that prior construction to the System be permanently financed, and that there be constructed and designed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer,

consisting of construction of the Lower Mud River - Phase I extension to tie into the West Virginia American Water Company's water system at Hamlin. The waterline extension will generally follow County Route 1, and branch off into County Routes 1/2, 1/6, 3/11 and 6. The waterline extension will tie into the existing main near the intersection of State Route 3 and County Route 1 just east of Hamlin, WV. (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The Issuer intends to issue its Water Revenue Bonds, Series 2018 A (United States Department of Agriculture), in the aggregate principal amount of \$401,000 (the "Series 2018 A Bonds"), to permanently finance a portion of the cost of such construction in the manner herein provided, and pay the costs of issuances thereof. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2018 A Bonds; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized; provided, that reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2018 A Bonds as to liens, pledge and source of and security for payment being the Issuer's:

(1) Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 29, 1998, issued in the original aggregate principal amount of \$198,016 (the "Series 1998 Bonds");

(2) Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$580,429 (the "Series 2002 A Bonds");

(3) Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$121,522 (the "Series 2002 B Bonds");

(4) Water Revenue Bonds, Series 2003 A (United States Department of

Agriculture), dated July 31, 2003, issued in the original aggregate principal amount of \$1,305,000 (the "Series 2003 A Bonds");

(5) Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the original aggregate principal amount of \$576,000 (the "Series 2006 A Bonds");

(6) Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated June 16, 2010, issued in the original aggregate principal amount of \$2,200,000 (the "Series 2010 A Bonds");

(7) Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated March 13, 2015, issued in the original aggregate principal amount of \$1,050,000 (the "Series 2015 A Bonds"); and

(8) Water Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated March 13, 2015, issued in the original aggregate principal amount of \$1,000,000 (the "Series 2015 B Bonds"), (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2018 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2018 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2018 A Bonds as to liens, pledge and/or source of and security for payment. The Issuer is not in default under the terms of the Prior Bonds, or the Prior Resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2018 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated September 6, 2012, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2018 A Bonds, or will have so complied prior to issuance of the Series 2018 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by Final Order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2018 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2018 A Bonds.

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

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

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

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

"Bonds" means, collectively, the Series 2018 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02E hereof.

"Depository Bank" means JP Morgan Chase Bank NA, Buckhannon, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated September 6, 2012, and all amendments thereto, if any.

“Minimum Reserve” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2018 A Bonds in the then current or any succeeding fiscal year.

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

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

“Prior Bonds” means, collectively, the Series 1998 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2003 A Bonds, Series 2006 A Bonds, Series 2010 A Bonds, Series 2015 A Bonds and Series 2015 B Bonds.

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

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

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

“Qualified Investments” means and includes any investment permitted to be made by a municipality, public service district or public corporation of the State pursuant to State Law, specifically including but not limited to Chapter 8, Article 13, Section 22 of the Code of West Virginia and the West Virginia “consolidated fund” managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia.

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

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

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

“RUS Bonds” means, collectively, the Series 2003 A Bonds and Series 2015 A Bonds.

“Secretary” means the Secretary of the Governing Body.

“Series 1998 Bonds” means the Issuer’s Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 29, 1998, issued in the original aggregate principal amount of \$198,016.

“Series 2002 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$580,429.

“Series 2002 B Bonds” means the Issuer’s Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$121,522.

“Series 2003 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 31, 2003, issued in the original aggregate principal amount of \$1,305,000.

“Series 2006 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the original aggregate principal amount of \$576,000.

“Series 2010 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated June 16, 2010, issued in the original aggregate principal amount of \$2,200,000.

“Series 2015 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated March 13, 2015, issued in the original aggregate principal amount of \$1,050,000.

“Series 2015 B Bonds” means the Issuer’s Water Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated March 13, 2015, issued in the original aggregate principal amount of \$1,000,000.

“Series 2018 A Bonds” means the Water Revenue Bonds, Series 2018 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

“Series 2018 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2018 A Bonds in the then current or any succeeding year.

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

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

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

ARTICLE II

AUTHORIZATION OF PAYMENT OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$950,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body.

The project is estimated to cost \$4,289,135 of which approximately \$401,000 will be received from the proceeds of the Series 2018 A Bonds, \$525,000 from a United States Army Corps of Engineers grant; \$1,380,975 as a Small Cities Block Grant; \$161,114 as a grant from The County Commission of Lincoln County; and \$1,821,046 will be received from the proceeds of a grant from the Purchaser.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2018 A Bonds of the Issuer, to be known as “Water Revenue Bonds, Series 2018 A (United States Department of Agriculture)”, are hereby authorized to be issued in the aggregate principal amount of \$401,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2018 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2018 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 2.75% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each year for the first 24 months after the date hereof, and thereafter \$1,420, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond.

The Series 2018 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2018 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2018 A Bonds, and the right to principal of and stated interest on the Series 2018 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2018 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2018 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2018 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2018 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2018 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2018 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2018 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2018 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2018 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2018 A Bonds shall be registered in the name of the United States of America, the address of

the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2018 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2018 A Bonds shall cease to be such officer of the Issuer before the Series 2018 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2018 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2018 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the Holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2018 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2018 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2018 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2018 A Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2018 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2018 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

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(FORM OF BOND)

UNITED STATES OF AMERICA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2018 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____, 2018

FOR VALUE RECEIVED, LINCOLN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only, on _____, 20__ and _____, 20__ (the first 24 months after the date hereof), and thereafter monthly installments of \$ _____, covering principal and interest, beginning _____, 20__, to and including _____, 20__ (40 years from the date of this Bond). The final payment shall be on _____, 20__ equal to the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made

by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2018, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S:

- (1) WATER REVENUE DESIGN BONDS, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 29, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$198,016 (THE "SERIES 1998 BONDS");
- (2) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$580,429 (THE "SERIES 2002 A BONDS");
- (3) WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$121,522 (THE "SERIES 2002 B BONDS");
- (4) WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,305,000 (THE "SERIES 2003 A BONDS");
- (5) WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 13, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$576,000 (THE "SERIES 2006 A BONDS");
- (8) WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 16, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 2010 A BONDS");
- (9) WATER REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 13, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,050,000 (THE "SERIES 2015 A BONDS"); AND
- (10) WATER REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 13, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,000,000 (THE "SERIES 2015 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

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

[Remainder of Page Intentionally Blank]

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

LINCOLN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board

ATTEST:

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

ARTICLE IV

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

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund (established by Prior Resolutions and hereby continued);
- (2) Renewal and Replacement Fund (established by Prior Resolutions and hereby continued);
- (3) Series 1998 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued); and
- (4) Series 2018 A Bonds Project Construction Account.

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

- (1) Series 2002 A Bonds Sinking Fund (established by Prior Resolutions);
- (2) Series 2002 A Bonds Reserve Account (established by Prior Resolutions);
- (3) Series 2002 B Bonds Sinking Fund (established by Prior Resolutions);
- (4) Series 2002 B Bonds Reserve Account (established by Prior Resolutions);
- (5) Series 2003 A Bonds Reserve Account (established by Prior Resolutions);
- (6) Series 2006 A Bonds Sinking Fund (established by Prior Resolutions);
- (7) Series 2006 A Bonds Reserve Account (established by Prior Resolutions);
- (8) Series 2010 A Bonds Sinking Fund (established by Prior Resolutions);
- (9) Series 2010 A Bonds Reserve Account (established by Prior Resolutions);
- (10) Series 2015 A Bonds Reserve Account (established by Prior Resolutions);
- (11) Series 2015 B Bonds Sinking Fund (established by Prior Resolutions);

- (12) Series 2015 B Bonds Reserve Account (established by Prior Resolutions); and
- (13) Series 2018 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2018 A Bonds shall be deposited upon receipt by the Issuer in the Series 2018 A Bonds Project Construction Account. The monies in the Series 2018 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2018 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2018 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2018 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2018 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2018 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2018 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2018 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2018 A Bonds Reserve Account a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2018 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2018 A Bonds as follows:

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

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority,

subject to the provisions of the Prior Resolutions not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and remit (i) to the National Finance Office the amount required by the Prior Resolutions to pay the interest on the RUS Bonds; (ii) to the Commission the amount required by Prior Resolutions to pay interest on the Series 2002 A Bonds, Series 2002 B Bonds and Series 2015 B Bonds; and (iii) the amounts required to pay the interest on the Series 2018 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, on or before the due date thereof, remit to (i) the National Finance Office the amount required by the Prior Resolutions to pay the principal of the RUS Bonds; (ii) the Depository Bank the amount required by Prior Resolutions to pay principal of the Series 1998 Bonds; (iii) the Commission the amount required by Prior Resolutions to pay the principal of the Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2010 A Bonds and the Series 2015 B Bonds; and (iv) the National Finance Office, commencing 24 months following the date of delivery of the Series 2018 A Bonds, the amount required to amortize the principal of the Series 2018 A Bonds.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2018 A Bonds Reserve Account, an amount equal to 10% of the monthly principal and interest payment amount, until the amount in the Series 2018 A Bonds Reserve Account equals the Series 2018 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2018 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2018 A Bonds Reserve Requirement.

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

and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Whenever the money in the Series 2018 A Bonds Reserve Account shall be sufficient to prepay the Series 2018 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2018 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2018 A Bonds Reserve Account. All amounts required for the Series 2018 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2018 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2018 A Bonds Reserve Account shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2018 A Bonds and the interest thereon.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2018 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission shall keep the monies in the Series 2018 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the Holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2018 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2018 A Bonds, provide evidence that there will be bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2018 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2018 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2018 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2018 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Resolutions. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2018 A Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolutions.

So long as the Series 2018 A Bonds are outstanding the Issuer shall not sell, mortgage, lease or otherwise dispose of the system, or any part thereof without the prior written consent of the Purchaser. Such consent will provide for the disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser. No Parity Bonds shall be issued after issuance of the Series 2018 A Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2018 A Bonds.

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

So long as the Series 2018 A Bonds or the RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2018 A Bonds and the RUS Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2018 A Bonds and the RUS Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 1998 Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2006 A Bonds, Series 2010 A Bonds or, Series 2015 B Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be

less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2018 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2018 A Bonds.

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2018 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2018 A Bonds.

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

(d) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE DISTRICT ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2018 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2018 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2018 A Bonds.

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

- (a) Failure to make payment of any monthly amortization installment upon the Series 2018 A Bonds at the date specified for payment thereof;
- (b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2018 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and
- (c) If a default occurs with respect to the Prior Bonds or the Prior Resolutions.

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

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the

System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided, that all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2018 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2018 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2018 A Bonds are outstanding.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia dated August 7, 2017 which became a Final Order on August 27, 2017 in Case No. 17-0479-PWD-CN and are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2018 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2018 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2018 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2018 A Bonds, the Issuer may not defease the Series 2018 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2018 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2018 A Bonds.

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

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

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

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

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

Adopted this 24th day of January, 2018.

LINCOLN PUBLIC SERVICE DISTRICT

By: Gary McAllister
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of LINCOLN PUBLIC SERVICE DISTRICT on the 24th day of January, 2018.

Dated: January 26, 2018.

[SEAL]


Secretary

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2018 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2018 A BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies this 26th day of January, 2018 as follows:

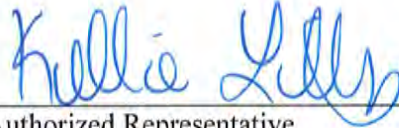
1. On the 26th day of January, 2018, at Alum Creek, West Virginia, the undersigned received for the Purchaser the Lincoln Public Service District Water Revenue Bonds, Series 2018 A (United States Department of Agriculture), No. AR-1 (the "Series 2018 A Bonds"), issued as a single, fully registered bond, in the principal amount of \$401,000, dated the date hereof, bearing interest at the rate of 2.75% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2018 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Lincoln Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$109,500, being a portion of the principal amount of the Series 2018 A Bonds. The balance of the principal amount of the Series 2018 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

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

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

A handwritten signature in blue ink, appearing to read "Kellie Lilly", is written over a horizontal line.

Authorized Representative

523780.00007

UNITED STATES OF AMERICA
LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2018 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$401,000

No. AR-1

SPECIMEN

Date: January 26, 2018

FOR VALUE RECEIVED, LINCOLN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR HUNDRED ONE THOUSAND DOLLARS (\$401,000), plus interest on the unpaid principal balance at the rate of 2.75% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only, on January 26, 2019 and January 26, 2020 (the first 24 months after the date hereof), and thereafter monthly installments of \$1,420, covering principal and interest, beginning February 26, 2020, to and including January 26, 2058 (40 years from the date of this Bond). The final payment shall be on January 26, 2058 equal to the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted January 24, 2018, authorizing issuance of this Bond (the "Resolution").

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

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

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S:

- (1) WATER REVENUE DESIGN BONDS, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 29, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$198,016 (THE "SERIES 1998 BONDS");
- (2) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$580,429 (THE "SERIES 2002 A BONDS");
- (3) WATER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 6, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$121,522 (THE "SERIES 2002 B BONDS");
- (4) WATER REVENUE BONDS, SERIES 2003 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 31, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,305,000 (THE "SERIES 2003 A BONDS");
- (5) WATER REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 13, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$576,000 (THE "SERIES 2006 A BONDS");
- (8) WATER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 16, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 2010 A BONDS");
- (9) WATER REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 13, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,050,000 (THE "SERIES 2015 A BONDS"); AND
- (10) WATER REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 13, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,000,000 (THE "SERIES 2015 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

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

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

LINCOLN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]


Chairman, Public Service Board

ATTEST:


Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$109,500.00	01/26/2018	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:



STEP TOE &
JOHNSON
P L L C
ATTORNEYS AT LAW

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

Writer's Contact Information

January 26, 2018

Lincoln Public Service District
Water Revenue Bonds, Series 2018 A
(United States Department of Agriculture)

Lincoln Public Service District
Alum Creek, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Lincoln Public Service District in Lincoln County, West Virginia (the "Issuer"), of its \$401,000 Water Revenue Bonds, Series 2018 A (United States Department of Agriculture), dated the date hereof (the "Series 2018 A Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on January 24, 2018, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

The Series 2018 A Bonds are issued for the purposes of (i) paying a portion of the acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

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

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Series 2018 A Bonds, all under the Act and other applicable provisions of law.

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

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Series 2018 A Bonds, on a parity with the Issuer's: (1) Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 29, 1998, issued in the original aggregate principal amount of \$198,016 (the "Series 1998 Bonds"); (2) Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$580,429 (the "Series 2002 A Bonds"); (3) Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$121,522 (the "Series 2002 B Bonds"); (4) Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 31, 2003, issued in the original aggregate principal amount of \$1,305,000 (the "Series 2003 A Bonds"); (5) Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the original aggregate principal amount of \$576,000 (the "Series 2006 A Bonds"); (6) Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated June 16, 2010, issued in the original aggregate principal amount of \$2,200,000 (the "Series 2010 A Bonds"); (7) Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated March 13, 2015, issued in the original aggregate principal amount of \$1,050,000 (the "Series 2015 A Bonds"); and (8) Water Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated March 13, 2015, issued in the original aggregate principal amount of \$1,000,000 (the "Series 2015 B Bonds"), (collectively, the "Prior Bonds").

4. The Series 2018 A Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. The Series 2018 A Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2018 A Bonds.

6. The Series 2018 A Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and interest on the Series 2018 A Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the Holders of the Series 2018 A Bonds and the enforceability of the Series 2018 A Bonds, the Bond Legislation and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,



STEPTOE & JOHNSON PLLC

WV MUNICIPAL BOND COMMISSION

900 Pennsylvania Ave.
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 1/26/2018

ISSUE: <u>Lincoln Public Service District</u>	
<u>Water Revenue Bonds, Series 2018 A (United States Department of Agriculture)</u>	
ADDRESS: <u>240 Little Coal River Road, Alum Creek, WV 25003</u>	COUNTY: <u>Lincoln</u>
PURPOSE OF ISSUE:	
New Money: <u>x</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
Refunding: _____	
ISSUE DATE: <u>1/26/2018</u>	CLOSING DATE: <u>1/26/2018</u>
ISSUE AMOUNT: <u>\$ 401,000.00</u>	RATE: <u>2.75%</u>
1ST DEBT SERVICE DUE: <u>N/A</u>	1ST PRINCIPAL DUE <u>N/A</u>
1ST DEBT SERVICE AMOUNT <u>N/A</u>	PAYING AGENT: <u>Issuer</u>

BOND COUNSEL:	UNDERWRITERS COUNSEL
Firm: <u>Stephoe & Johnson PLLC</u>	Firm: _____
Contact <u>John Stump, Esquire</u>	Contact: _____
Phone: <u>(304) 353.8196</u>	Phone: _____
CLOSING BANK:	ESCROW TRUSTEE:
Bank: _____	Firm: _____
Contact: _____	Contact: _____
Phone: _____	Phone: _____
KNOWLEDGEABLE ISSUER CONTACT	OTHER:
Contact: <u>Sharon Ryan</u>	Agency: <u>United States Department</u>
Position: <u>Office Manager</u>	<u>of Agriculture</u>
Phone: <u>304.756.2520</u>	Contact: <u>Kellie Lillie</u>
	Position: <u>Area Specialist</u>
	Phone: <u>304.776.5256 x 113</u>

DEPOSITS TO MBC AT CLOSE	
By: _____ Wire	Accrued Interest: \$ _____
_____ Check	Capitalized Interest: \$ _____
	Reserve Account: \$ _____
	Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE	
By: _____ Wire	To Escrow Trustee \$ _____
_____ Check	To Issuer \$ _____
_____ IGT	To Cons. Invest. Fund \$ _____
	To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office.

The Municipal Bond Commission will only hold the Series 2018 A Reserve Account.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

SWEEP RESOLUTION

WHEREAS, Lincoln Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, Pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

- 1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) All Board Members are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 24th day of January, 2018.


Chairman


Secretary

LINCOLN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2018 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$401,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	January 26, 2018	United States Department of Agriculture	

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2018 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT
9. USE OF PROCEEDS
10. LAND AND RIGHTS-OF-WAY
11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
12. CONTRACTORS' INSURANCE, ETC.
13. CONNECTIONS, ETC.
14. CONFLICT OF INTEREST
15. GRANT
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Lincoln Public Service District, in Lincoln County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this 26th day of January, 2018, in connection with the Lincoln Public Service District Water Revenue Bonds, Series 2018 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$401,000 (the "Series 2018 A Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2018 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated September 6, 2012, and all amendments thereto, and the Resolution of the Issuer duly adopted on January 24, 2018, authorizing issuance of the Series 2018 A Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2018 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which

the Issuer authorized the issuance and sale of the Series 2018 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2018 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, the cost of which is being financed out of the proceeds of sale of the Series 2018 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2018 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on August 7, 2017, which became Final Order on August 27, 2017 in Case No. 17-0479-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving rates and charges for the System. Such Order remains in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of loans to assist in the acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2018 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's:

(1) Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 29, 1998, issued in the original aggregate principal amount of \$198,016 (the "Series 1998 Bonds");

(2) Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$580,429 (the "Series 2002 A Bonds");

(3) Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$121,522 (the "Series 2002 B Bonds");

(4) Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 31, 2003, issued in the original aggregate principal amount of \$1,305,000 (the "Series 2003 A Bonds");

(5) Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the original aggregate principal amount of

\$576,000 (the "Series 2006 A Bonds");

(8) Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated June 16, 2010, issued in the original aggregate principal amount of \$2,200,000 (the "Series 2010 A Bonds");

(9) Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated March 13, 2015, issued in the original aggregate principal amount of \$1,050,000 (the "Series 2015 A Bonds"); and

(10) Water Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated March 13, 2015, issued in the original aggregate principal amount of \$1,000,000 (the "Series 2015 B Bonds"), (collectively, the "Prior Bonds").

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2018 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2018 A Bonds as to liens, pledge and/or service of and security for payment.

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

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2018 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2018 A Bonds for the Issuer.

6. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Prior Bond Resolutions

Consent of USDA to Issuance of Parity Bonds

Consent of WDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all Amendments

Public Service Commission Order(s)

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Loan Resolution

United States Department of Agriculture Grant Resolution

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Lincoln Public Service District" and its principal office and place of business are in Lincoln County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Gary McCallister	07/01/2015	06/30/2021
Sam Ruby	10/06/2016	06/30/2019
Bruce Tulley	08/01/2017	07/31/2023

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2018 are as follows:

Chairman	—	Gary McCallister
Secretary	—	Bruce Tulley

The duly appointed and acting Attorney for the Issuer is Ronald Flora, Milton, West Virginia.

8. DELIVERY AND PAYMENT: On the date hereof, the Series 2018 A Bonds were delivered to the Purchaser at Alum Creek, West Virginia, by the undersigned Chairman for the

purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs, and at the time of such delivery, the Series 2018 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2018 A Bonds, the undersigned Chairman received \$109,500, being a portion of the principal amount of the Series 2018 A Bonds. Further advances of the balance of the principal amount of the Series 2018 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2018 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 2.75% per annum is payable from the date of each respective advance.

9. USE OF PROCEEDS: The total cost of the Project is estimated at \$950,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2018 A Bonds	\$401,000
USDA Grants	1,821,046
US Army Corps grant	525,000
County Grant	161,114
<u>Small Cities Block Grant</u>	<u>1,380,975</u>
Total Sources	\$4,289,135

USES

Costs of Acquisition and Construction	4,267,135
<u>Costs of Issuance</u>	<u>22,000</u>
Total Uses	\$4,289,135

The Series 2018 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

10. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2018 A Bonds.

11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including

particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

12. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Resolution.

13. CONNECTIONS, ETC.: The Issuer will serve new users with the System upon the completion of the Project, in full compliance with the Letter of Conditions.

14. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2018 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. 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.

15. GRANT: As of the date hereof the USDA grant in the amount of \$1,821,046; US Army Corps of Engineers Grant in the amount of \$525,000; the Small Cities Block Grant in the amount of \$1,380,975 and The County Commission of Lincoln County Grant in the amount of \$161,114 are committed.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

17. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official corporate seal of LINCOLN PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Gary Mills

Chairman

Bruce Tulley

Secretary

Attorney for Issuer

WITNESS our signatures and the official corporate seal of LINCOLN PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

Attorney for Issuer

A handwritten signature in blue ink, appearing to be 'Randy', is written over two horizontal lines. The signature is stylized with a large 'R' and a long, sweeping tail.

523780.00005

LINCOLN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2018 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Charles R. Roberts, Jr., P.E., Registered Professional Engineer, West Virginia License No. 010424 of E.L. Robinson Engineering Co., Charleston, West Virginia, hereby certify this 26th day of January, 2018 that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks facilities (the "System") of Lincoln Public Service District (the "Issuer"), to be acquired and constructed in Lincoln County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

1. The 2018 A Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

2. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Bureau for Public Health; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents 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; and (vii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the construction of the Project and operation of the System.

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

E.L. ROBINSON ENGINEERING CO.




Charles R. Roberts, Jr., P.E.
West Virginia License No. 010424



January 26, 2018

Lincoln Public Service District
Water Revenue Bonds, Series 2018 A
(United States Department of Agriculture)

Lincoln Public Service District
Alum Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Cross Lanes, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia dated August 7, 2017 which became a Final Order on August 27, 2017, in Case 17-0479-PWD-CN, and projected operating expenses and anticipated customer usage as furnished to us by E.L. Robinson Engineers., the Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Lincoln Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Issuer's Water Revenue Bonds, Series 2018 A (United States Department of Agriculture), dated January 26, 2018, issued in the principal amount of \$401,000 (the "2018 A Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the 2018 A Bonds, including the Issuer's:

- (1) Water Revenue Design Bonds, Series 1998 (West Virginia Infrastructure Fund), dated December 29, 1998, issued in the original aggregate principal amount of \$198,016 (the "Series 1998 Bonds");
- (2) Water Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$580,429 (the "Series 2002 A Bonds");
- (3) Water Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), dated August 6, 2002, issued in the original aggregate principal amount of \$121,522 (the "Series 2002 B Bonds");
- (4) Water Revenue Bonds, Series 2003 A (United States Department of Agriculture), dated July 31, 2003, issued in the original aggregate principal amount of \$1,305,000 (the "Series 2003 A Bonds");

(5) Water Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 13, 2006, issued in the original aggregate principal amount of \$576,000 (the "Series 2006 A Bonds");

(6) Water Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated June 16, 2010, issued in the original aggregate principal amount of \$2,200,000 (the "Series 2010 A Bonds");

(7) Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated March 13, 2015, issued in the original aggregate principal amount of \$1,050,000 (the "Series 2015 A Bonds"); and

(8) Water Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated March 13, 2015, issued in the original aggregate principal amount of \$1,000,000 (the "Series 2015 B Bonds"), (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2018 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2018 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2018 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2018 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2018 A Bonds.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Griffith', with a stylized flourish at the end.

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk