

**BOND RESOLUTION**

**SHADY SPRING PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2019  
(CLEAN WATER STATE REVOLVING FUND)**

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## SHADY SPRING PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF PUBLIC SEWER FACILITIES OF SHADY SPRING PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2019 (CLEAN WATER STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SHADY SPRING PUBLIC SERVICE DISTRICT:

### ARTICLE I

#### STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or supplemental hereto or amendatory hereof, the “Bond Legislation”) is adopted pursuant to the provisions of the Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the “Act”), and other applicable provisions of law.

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

A. Shady Spring Public Service District (the “Issuer”) is a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State, created by The County Commission of Raleigh County. The Issuer was formerly known as “Shady Springs Public Service District” and “Shady Springs Public Service District No. 1.” The County Commission of Raleigh County entered an Order on December 1, 2015, ordering the change of the name of the Issuer to “Shady Spring Public Service District,” which name change was approved by the Public Service Commission of West Virginia (the “PSC”) on January 19, 2016, and consented to in writing by the owners of all outstanding bonds and notes of the Issuer. The foregoing

name change became effective on March 21, 2016, upon the filing of such consents of the owners of the outstanding bonds and notes with the PSC.

B. The Issuer presently owns and operates a public sewer system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public sewer facilities of the Issuer, including the extensions, additions, betterments and improvements described in Exhibit A hereto, together with all appurtenant facilities (the "Project") in accordance with the plans and specifications prepared by Cardno, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. The existing public sewer facilities of the Issuer, the Project and any further additions, extensions, betterments and improvements thereto are herein called the "System".

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Series 2019 Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and therein, all as such terms are hereinafter defined.

D. It is further deemed necessary for the Issuer to issue its sewer revenue bonds in the total aggregate principal amount of not more than \$8,400,000, being the Sewer Revenue Bonds, Series 2019 (Clean Water State Revolving Fund) (the "Series 2019 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2019 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2019 Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2019 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2019 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and the issuance of the Series 2019 Bonds is \$8,450,687, \$8,400,000 of which will be obtained from the proceeds of the sale of the Series 2019 Bonds described above; \$25,687 of which will be obtained from the proceeds of a grant from The County Commission of Raleigh County, and the remaining \$25,000 will be paid with funds of the Issuer available for such purpose.

F. The period of usefulness of the System after completion of the Project is not less than 30 years.

G. It is in the best interests of the Issuer that the Series 2019 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a Loan Agreement by and among the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), the execution, delivery and form of which are ratified and approved hereby and by the Supplemental Resolution, as hereinafter defined.

H. There are outstanding obligations of the Issuer which will rank on parity to the Series 2019 Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions and respect to the Series 2019 Bonds as follows:

| <u>Designation</u>                                                                                                                                           | <u>Lien Position</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Sewer Revenue Bonds, Series 1982B<br>August 12, 1982, issued in the original<br>principal amount of \$795,515<br>(the "Series 1982B Bonds");                 | First Lien (Parity)  |
| Sewer Revenue Refunding Bonds, Series 1997D<br>dated June 24, 1997, issued in the original<br>principal amount of \$3,056,955<br>(the "Series 1997D Bonds"); | First Lien (Parity)  |
| Sewer Revenue Bonds, Series 1998A<br>dated November 25, 1998, issued in the original<br>principal amount of \$1,202,100<br>(the "Series 1998A Bonds");       | First Lien (Parity)  |
| Sewer Revenue Bonds, Series 1999B,<br>dated March 18, 1999, issued in the original<br>principal amount of \$165,000<br>(the "Series 1999B Bonds");           | First Lien (Parity)  |
| Sewer Revenue Bonds, Series 2002A,<br>dated March 8, 2002, issued in the original<br>principal amount of \$2,419,905<br>(the "Series 2002A Bonds")           | First Lien (Parity)  |

Sewer Revenue Bonds, Series 2005A  
(West Virginia Infrastructure Fund)  
dated December 13, 2005, issued in the original  
principal amount of \$2,875,000  
(the “Series 2005A Bonds”);

First Lien (Parity)

Sewer Revenue Bonds, Series 2005B  
(State Revolving Fund)  
dated December 13, 2005  
issued in the original principal amount of \$3,078,043  
(the “Series 2005B Bonds”);

First Lien (Parity)

Sewer Revenue Bonds, Series 2010  
(Clean Water State Revolving Fund)  
dated October 25, 2010,  
issued in the original principal amount of \$2,422,826  
(the “Series 2010 Bonds”); and

First Lien (Parity)

Sewer Revenue Bonds, Series 2016  
(Clean Water State Revolving Fund)  
dated May 6, 2016,  
issued in the original principal amount of \$6,978,924.00  
(the “Series 2016 Bonds”).

First Lien (Parity)

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The Series 1982B Bonds, the Series 1997D Bonds, the Series 1998A Bonds, the the Series 1999B Bonds, the Series 2002A Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2010 Bonds, and the Series 2016 Bonds are hereinafter collectively referred to as the “Prior Bonds.”

I. The Series 2019 Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Issuer has met the requirements of the Prior Resolutions for the issuance of the Series 2019 Bonds on a parity with the Prior Bonds. Prior to the issuance of the Series 2019 Bonds, the Issuer will obtain (1) a certificate of Independent Certified Public Accountants stating that the parity tests of the Prior Bonds have been met and (2) the written consent of the registered owners of the Prior Bonds to the issuance of the Series 2019 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 the revenues or assets of the System.

J. The Issuer does have outstanding its bond anticipation note that was issued on November 1, 2017, and which is currently outstanding in the principal amount of \$250,000 (the “BAN”) payable from the proceeds of the next series of bonds issued by the Issuer. The BAN will

be paid with proceeds of the Series 2019 Bonds at the time of the closing of the issuance of the Series 2019 Bonds.

K. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the planning, development, design, acquisition, construction and operation of the Project and the System and issuance of the Series 2019 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council (the “Council”) and the obtaining of a certificate of public convenience and necessity and approval of necessary user rates and charges described herein from the PSC by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2019 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2019 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all such Series 2019 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2019 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

“Bonds” means, collectively, the Series 2019 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

“Closing Date” means the date upon which there is an exchange of the Series 2019 Bonds for all or a portion of the proceeds of the Series 2019 Bonds.

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

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

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

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

“Council” means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

“DEP” means the West Virginia Department of Environmental Protection or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

“Event of Default” means any occurrence or event specified in Section 9.01.

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

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

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

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

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

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

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

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

“Loan Agreement” means the Loan Agreement heretofore entered, or to be entered, into by and among the Issuer and the Authority, on behalf of DEP providing for the purchase of the Series 2019 Bonds, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by Sections 2.02 and 3.11 hereof and by the Supplemental Resolution.

“Net Proceeds” means the face amount of the Series 2019 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2019 Bonds Reserve Account.

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

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

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

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

“Paying Agent” means the Commission or other entity designated as such for the Series 2019 Bonds in the Supplemental Resolution.

“Prior Bonds” shall have the meaning described in Section 1.02H hereof.

“Prior Resolutions” shall mean, collectively, the resolutions and supplemental resolutions of the Issuer authorizing the issuance of the Prior Bonds.

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

“PSC” means the Public Service Commission of West Virginia and any successors to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC approving the financing for the Project and the rates of the System.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Governmental National Mortgage Association; Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time and demand accounts, (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds, the only assets are investments of the type described in paragraphs (a) through (e) above; and
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

“Registrar” means the Bond Registrar.

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

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established or continued by Section 5.01 hereof.

“Revenue Fund” means the Revenue Fund created by Section 5.01 hereof.

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

“Series 2019 Bonds Construction Trust Fund” means the Series 2019 Bonds Construction Fund created by Section 5.01 hereof.

“Series 2019 Bonds” means the Sewer Revenue Bonds, Series 2019 (Clean Water State Revolving Fund), of the Issuer, authorized by this Resolution.

“Series 2019 Bonds Reserve Account” means the Series 2019 Bonds Reserve Account created by Section 5.02 hereof.

“Series 2019 Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2019 Bonds in the then current or any succeeding year.

“Series 2019 Bonds Sinking Fund” means the Series 2019 Bonds Sinking Fund created by Section 5.02 hereof.

“SRF Administrative Fee” means any administrative fee required to be paid under the Loan Agreement.

“SRF Program” means the State’s Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

“SRF Regulations” means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2019 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2019 Bonds, and not so included, may be included in another Supplemental Resolution.

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

“System” means the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms refer to this Resolution; and the term “hereafter” means after the date of enactment of this Resolution.

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

## ARTICLE II

### AUTHORIZATION OF THE PROJECT, APPROVAL OF THE LOAN AGREEMENTS AND PAYMENT OF DESIGN LOAN

Section 2.01. Authorization of the Project. There is hereby authorized and ordered the planning, design, development, acquisition and construction of the Project, at an estimated cost, including without limitation costs of issuance of the Series 2019 Bonds, of \$8,450,687, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Issuer. The Costs of the Project shall be paid from the proceeds of the Series 2019 Bonds, a grant in the amount of \$25,687 from The County Commission of Raleigh County, and the remaining \$25,000 will be paid with funds of the Issuer available for such purpose. The proceeds of the Series 2019 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the DEP.

Section 2.02. Approval of Loan Agreement. The Issuer hereby approves the Loan Agreement and the sale of the Series 2019 Bonds pursuant to the Loan Agreement. The Issuer is hereby authorized and directed to execute and deliver the Loan Agreement to the Authority. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement.

## ARTICLE III

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 2019 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Series 2019 Bonds. For the purposes of paying Costs of the Project not otherwise provided for, funding the Series 2019 Bonds Reserve Account, and paying certain costs of issuance of the Series 2019 Bonds and related costs, or any or all of such purposes as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2019 Bonds of the Issuer in an aggregate principal amount of not more than \$8,400,000. The Series 2019 Bonds shall be issued initially as a single bond, designated "Sewer Revenue Bond, Series 2019 (Clean Water State Revolving Fund)," in the principal amount of not more than \$8,400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2019 Bonds remaining after the funding of the Series 2019 Bonds Reserve Accounts (if funded from the Bond proceeds), shall be deposited in or credited to the Series 2019 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

The aggregate principal amount of the Series 2019 Bonds need not be paid to the Issuer upon delivery of the Series 2019 Bonds but may be advanced to the Issuer as requested by the Issuer from time to time; and the Series 2019 Bonds shall evidence only the indebtedness recorded on the Record of Advances attached hereto and incorporated therein.

Section 3.02. Terms of Series 2019 Bonds. The Series 2019 Bonds shall be issued in such principal amount not to exceed \$8,400,000 in the aggregate; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2019 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2019 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2019 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2019 Bonds. The Series 2019 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in the aggregate principal amount equal to the amount of said Bonds then outstanding and being exchanged, with

principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution or another resolution. Such Bonds shall be dated and shall have such terms as set forth in a Supplemental Resolution or another resolution.

Section 3.03. Execution of Series 2019 Bonds. The Series 2019 Bonds shall be executed in the name of the Issuer by the Chairperson, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Series 2019 Bonds shall cease to be such officer of the Issuer before the Series 2019 Bonds so signed and sealed have been actually sold and delivered, such Series 2019 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds has not ceased to hold such office. Any Series 2019 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 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar for the Series 2019 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No such Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any such Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of such Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2019 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder in accepting the Series 2019 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2019 Bonds remain Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2019 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2019 Bonds or transferring the registered Series 2019 Bonds is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Bonds during the period commencing on the 15<sup>th</sup> day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of the Bonds to be redeemed and ending on such interest payment date or redemption date.

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

Section 3.07. Series 2019 Bonds not to be Indebtedness of the Issuer. The Series 2019 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided on parity with the lien of the Prior Bonds and amounts, if any, in the Series 2019 Bonds Sinking Fund and the Series 2019 Bonds Reserve Account. No Holder or Holders of such Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

Section 3.08. Series 2019 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2019 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the

Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds and the Series 2019 Bonds and to make all other payments provided for in this Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Series 2019 Bonds. The Issuer shall execute and deliver the Series 2019 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2019 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2019 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2019 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The approving opinion of bond counsel on the Series 2019 Bonds.

Section 3.10. Form of Series 2019 Bonds. The text of the Series 2019 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

(FORM OF SERIES 2019 BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SHADY SPRING PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 2019  
(CLEAN WATER STATE REVOLVING FUND)

No. R-\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That SHADY SPRING PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, with interest accruing at the rate of 2.5% per annum payable in quarterly installments of principal and interest on March 1, June 1, September 1 and December 1 of each year commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee at the rate of 0.5% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest and SRF Administrative Fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with 30 days' written notice to the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and with the prior written consent of the Authority and the

DEP, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer and the Authority, on behalf of the DEP, dated \_\_\_\_\_, 2019.

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and improvement of public sewer facilities of the Issuer (the "Project"); (ii) to pay certain costs of issuance hereof and related costs; and (iii) paying off the City National Bank of West Virginia Design Loan. The existing public sewerage facilities of the Issuer, the improvements thereto provided by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2019, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2019, (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE "PRIOR BONDS" DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2019 Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2019 Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2019 Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or

any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, SHADY SPRING PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary and has caused this Bond to be dated \_\_\_\_\_, 2019.

[SEAL]

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2019 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

| AMOUNT | DATE        | AMOUNT   | DATE  |
|--------|-------------|----------|-------|
| (1) \$ | _____, ____ | (7) \$   |       |
| (2) \$ |             | (8) \$   |       |
| (3) \$ |             | (9) \$   |       |
| (4) \$ |             | (10) \$  |       |
| (5) \$ |             | (11) \$  |       |
| (6) \$ |             | (12) \$  |       |
|        |             | TOTAL \$ | _____ |

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Series 2019 Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2019 Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer thereto, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Series 2019 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2019 Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has received or will receive prior to the bond closing date (i) a certificate of Independent Certified Public Accountants stating that the parity tests of the Prior Bonds have been met and (ii) the written consent of the Holders of all of the Outstanding Prior Bonds for the issuance of the Series 2019 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 the revenues or assets of the System.

Section 3.13. Filing of Amended Schedule. Upon completion of the Project, the Issuer will file with the Authority and the DEP, a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created or continued with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2019 Bonds Construction Trust Fund also known as the "Pluto/Fire Trail Rd Project" account.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds and accounts of the Commission and the Issuer and from each other:

- (1) Series 2019 Bonds Sinking Fund; and
- (2) Series 2019 Bonds Reserve Account;

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation 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 therein and herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the applicable Sinking Funds, the amounts required by the Prior Resolutions to pay the interest, if any, due on the Prior Bonds; and (ii) remit to the Commission beginning 3 months prior to the first interest payment date on the Series 2019 Bonds, for deposit in the Series 2019 Bonds Sinking Fund, a sum equal to 1/3<sup>rd</sup> of the amount of interest which will become due on the Series 2019 Bonds on the next ensuing quarterly interest payment date, provided, that in the event the period to elapse between the date of

such initial deposit in the series 2019 Bonds Sinking Fund and the next ensuing quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously with the required principal payments for the Prior Bonds remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2019 Bonds, for deposit in the Series 2019 Bonds Sinking Fund, an amount equal to 1/3<sup>rd</sup> of the amount of principal which will mature and become due on the Series 2019 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2019 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the reserve account payments required with respect to the Prior Bonds; and (ii) beginning three (3) months prior to the first date of payment of principal of the Series 2019 Bonds, if not fully funded upon issuance of the Series 2019 Bonds, remit to the Commission for deposit in the Series 2019 Bonds Reserve Account, an amount equal to 1/120th of the Series 2019 Bonds Reserve Requirement, until the amount in the Series 2019 Bonds Reserve Account equals the Series 2019 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2019 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 2019 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 ½% of the Gross Revenues each month (as provided in one or more of the resolutions authorizing the issuance of the Prior Bonds and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2019 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2019 Bonds as the same shall become due. Moneys in

the Series 2019 Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2019 Bonds as the same shall become due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2019 Bonds Sinking Fund and the Series 2019 Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2019 Bonds Construction Trust Fund, and following completion of construction of the Project shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2019 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2019 Bonds Reserve Account which result in a reduction in the balance there to below the Series 2019 Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2019 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Sinking Fund or the Series 2019 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2019 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2019 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2019 Bonds Sinking Fund and the Series 2019 Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2019 Bonds Sinking Fund and the Series 2019 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2019 Bonds Sinking Fund and the Series 2019 Bonds Reserve Account shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2019 Bonds under the conditions and restrictions set forth herein.

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5<sup>th</sup> day of such calendar month.

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

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

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpected Bond Proceeds. From the moneys received from the sale of any or all of the Series 2019 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2019 Bonds, there shall first be deposited with the Commission in the Series 2019 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2019 Bonds for the period commencing on the date of issuance of the Series 2019 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2019 Bonds, there shall be deposited with the Commission in the Series 2019 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2019 Bonds Reserve Account.

C. Next, from the proceeds of the Series 2019 Bonds, there shall be paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including the BAN, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2019 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2019 Bonds Construction Trust Fund. The monies in the Series 2019 Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. Moneys in the Series 2019 Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2019 Bonds.

After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2019 Bonds shall be used to fund the Series 2019 Bonds Reserve Account, if not funded upon issuance of the Series 2019 Bonds, in an amount not to exceed the Series 2019 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2019 Bonds be deposited in the Series 2019 Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

Section 6.02. Disbursements From the Project Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2019 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2019 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:
  - (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
  - (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
  - (C) Each of such costs has been otherwise properly incurred; and
  - (D) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2019 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2019 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2019 Bonds, or the interest, if any, thereon, is Outstanding and unpaid.

Section 7.02. Series 2019 Bonds not to be Indebtedness of the Issuer. The Series 2019 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2019 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2019 Bonds or the interest thereon.

Section 7.03. Series 2019 Bonds Secured by Pledge of Net Revenues; Lien Position With Respect to Prior Bonds. The payment of the debt service of the Series 2019 Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2019 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in this Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in this Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of local counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall provide a certificate of a Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in and approved by the Recommended Decision of the PSC entered on June 19, 2019, in Case No. 19-0248-PSD-CN, which became the Final Order of the PSC on June 29, 2019, as such rates are to be adjusted by a subsequent PSC Order and such adjusted rates are hereby adopted and approved.

So long as the Series 2019 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions

necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2019 Bonds shall provide to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as any of 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 respective resolutions authorizing such Outstanding Prior Bonds. In addition, so long as the Series 2019 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be remitted to the respective Sinking Funds and applied to the payment of principal of and interest, if any, on the Series 2019 Bonds and the Prior Bonds. Any balance remaining after the payment of the Series 2019 Bonds and the Prior Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$250,000, the Issuer shall, by resolution, duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$250,000 but not in excess of \$1,000,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund

by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$1,000,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives of over 50% in principal amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, so long as any of the Series 2019 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2019 Bonds. All obligations issued by the Issuer after the issuance of the Series 2019 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2019 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2019 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2019 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the respective resolutions authorizing such Outstanding Prior Bonds shall be applicable. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2019 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2019 Bonds and must have the prior written consent of the Authority.

No such Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition or construction of extensions, additions, improvements or betterments to the System, refunding all or a portion of one or more series of the Prior Bonds, the Series 2019 Bonds issued pursuant hereto and/or one or more subsequent series of Parity Bonds, or to pay claims which may exist against the revenues or facilities of the System or all or any combination of such purposes.

No such Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the 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 Series 2019 Bonds and Prior Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The “estimated average increased annual Net Revenues to be received in each of the 3 succeeding years,” as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved in the manner required by the then applicable law, the period for appeal of which has expired (without successful appeal) prior to the date of issuance of such Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved in the manner required by the applicable law, the period for appeal of which has expired (without successful appeal) 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 Series 2019 Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds, issued on a parity, 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 of one series over any other Bond of the same series. 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 revenues of the System is subject to the prior and superior liens of the Series 2019 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 2019 Bonds.

No Parity Bonds shall be issued at any time, however, unless all 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 such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the DEP and the Authority, or any other original purchaser of the Series 2019 Bonds, and shall mail in each year to any Holder or Holders of the Series 2019 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants in accordance with 2 CFR 200 Subpart F (or any successor thereto) and the laws of the State and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2019 Bonds, and shall submit said report to the DEP and the Authority, or any other original purchaser of the Series 2019 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Issuer's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

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

in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of Series 2019 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2019 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2019 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2019 Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2019 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2019 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2019 Bonds, including the Prior Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. The Issuer, with the approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority and the DEP within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements and forward a copy of such report to the DEP and the Authority by the 20<sup>th</sup> day of each month.

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

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

The Issuer shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate,"

to the DEP in such form as may be provided by the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards. The Issuer shall retain operator(s) to operate the System so long as any portion of the Series 2019 Bonds remains Outstanding.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the locations set forth in the Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Authority. Following completion of the Project, the Issuer shall certify to the Authority the number of customer added to the System.

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

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

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

law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the PSC and all rules, regulations and orders of the PSC.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2019 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT

BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the PSC, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where

there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by state and federal laws for the operation of the System, all orders and approvals required by state law and the West Virginia Infrastructure and Jobs Development Council necessary for the design of the Project and the operation of the System and all approvals for issuance of the Series 2019 Bonds required by state law, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to the Issuer to such effect.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2019 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2019 Bonds and shall be for the equal benefit of all Holders of the Series 2019 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2019 Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other state, federal or local bodies in regard to the Project and the operation, maintenance and use of the System.

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

The Issuer shall serve the additional customers described in the Loan Agreement and shall not reduce the amount of additional customers served without the written approval of the Board of the Authority.

Section 7.21. Contracts; Public Releases. A. The Issuer shall immediately enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2019 Bonds held in “contingency” as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2019 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

## ARTICLE VIII

### INVESTMENTS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2019 Bonds are Outstanding and the Issuer shall furnish to the Authority such information at the request of the Authority.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2019 Bonds as a condition to issuance of the Series 2019 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2019 Bonds as may be necessary in order to maintain the status of the Series 2019 Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2019 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the

Authority or the DEP, as the case may be, from which the proceeds of the Series 2019 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2019 Bonds and any additional information requested by the Authority.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2019 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2019 Bonds; or

(2) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2019 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2019 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2019 Bonds and the Prior Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Bond Legislation and the Act, including the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of

the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Series 2019 Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2019 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2019 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. Prior to issuance of the Series 2019 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2019 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2019 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2019 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure that the Series 2019 Bonds remain public purpose bonds.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2019 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2019 Bonds.

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

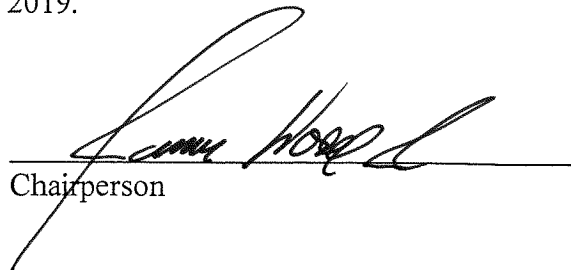
Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that in the event of any conflict between this Resolution and the resolutions authorizing the issuance of the Prior Bonds, such resolutions authorizing the issuance of the Prior Bonds, as applicable, shall control (unless less restrictive) so long as the respective Prior Bonds or any portion thereof are Outstanding.

Section 11.06. 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 Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 16th day of September, 2019.

  
Chairperson

ATTEST:

By:   
Secretary

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of  
SHADY SPRING PUBLIC SERVICE DISTRICT on the 16th day of September, 2019.

Dated: October 8, 2019.



\_\_\_\_\_  
Secretary

## **EXHIBIT A**

### **DESCRIPTION OF PROJECT**

Construction of extensions, additions, betterments and improvements to the sewage system of Shady Spring Public Service District including without limitation the extension of the system to the Pluto Road/Fire Trail areas of Raleigh County, West Virginia.

**SHADY SPRING PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2019  
(CLEAN WATER STATE REVOLVING FUND)**

**SUPPLEMENTAL RESOLUTION**

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SHADY SPRING PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2019 (CLEAN WATER STATE REVOLVING FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2019 BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE SERIES 2019 BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Shady Spring Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on September 16, 2019 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF PUBLIC SEWER FACILITIES OF SHADY SPRING PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$8,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2019 (CLEAN WATER STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 2019 of the Issuer, in the aggregate principal amount of not more than \$8,400,000

(the "Series 2019 Bonds"), and has authorized the execution and delivery of a Loan Agreement relating to the Series 2019 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer and the Authority and West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Series 2019 Bonds should be established by a supplemental resolution, and that other matters relating to the Series 2019 Bonds be therein provided for;

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

WHEREAS, the Series 2019 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Series 2019 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2019 Bonds be herein provided for.

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

Sewer Revenue Bonds, Series 2019, of the Issuer originally represented by a single bond, numbered R-1, in the original principal amount of \$8,400,000.00. The Series 2019 Bonds shall be dated the date of delivery, shall finally mature on September 1, 2039, and shall bear interest at the rate of two and one-half percent (2.5%) per annum, with the principal of and interest on the Series 2019 Bonds payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2021, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2019 Bonds. The Series 2019 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2019 Bonds. The Issuer does approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2019 Bonds, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2021, as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2019 Bonds.

Section 2. All other provisions relating to the Series 2019 Bonds and the text of the Series 2019 Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby authorizes, ratifies, approves and accepts the Loan Agreement, including all schedule and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairperson and the Secretary and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP and the Authority. The price of the Series 2019 Bonds shall be 100% of par value, there being no interest accrued thereon. The proceeds of the Series 2019 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing, there shall be requisitioned and advanced a portion of the proceeds of the Series 2019 Bonds in the amount of \$672,504.00, being more than a de minimis amount with respect to the Series 2019 Bonds, which amount shall include a sufficient amount, together with other funds of the Issuer available for such purpose, to pay the BAN described in the Resolution in full on the date of issuance of the Series 2019 Bonds.

Section 4. The Issuer hereby appoints and designates United Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2019 Bonds under the Resolution and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Series 2019 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as the Paying Agent for the Series 2019 Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates City National Bank of West Virginia, Beckley/Charleston, West Virginia, to serve as the Depository Bank.

Section 7. Series 2019 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2019 Bonds Sinking Fund as capitalized interest.

Section 8. Series 2019 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2019 Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2019 Bonds, as advanced from time to time, shall be deposited in the Series 2019 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2019 Bonds and related costs.

Section 10. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2019 Bonds hereby and by the Resolution approved and provided for, to the end that the Series 2019 Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about October 8, 2019, or as soon thereafter as practicable.

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

Section 12. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in bank accounts or money market accounts consisting of or secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such bank accounts money market accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts shall be invested by the Commission in the West Virginia Consolidated Fund.

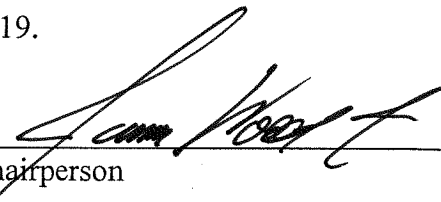
Section 13. The Issuer hereby ratifies, approves and accepts all contracts relating to the financing, design, acquisition, construction and equipping of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 14. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 15. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Series 2019 Bonds. The Issuer also hereby approves the reimbursement of the Issuer from the proceeds of the Series 2019 Bonds for any such invoices or bills for the Project previously paid by the Issuer.

Section 16. This Supplemental Resolution shall be effective immediately following the adoption hereof.

Adopted this 16th day of September, 2019.

  
\_\_\_\_\_  
Chairperson

ATTEST:

  
\_\_\_\_\_  
Secretary

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
SHADY SPRING PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 2019  
(CLEAN WATER STATE REVOLVING FUND)

No. R-1

\$8,400,000.00

KNOW ALL MEN BY THESE PRESENTS: That SHADY SPRING PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of EIGHT MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$8,400,000.00) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, with interest accruing at the rate of 2.5% per annum payable in quarterly installments of principal and interest on March 1, June 1, September 1 and December 1 of each year commencing December 1, 2021, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee at the rate of 0.5% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2021, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest and SRF Administrative Fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with 30 days' written notice to the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and with the prior written consent of the Authority and the DEP, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer and the Authority, on behalf of the DEP, dated October 8, 2019.

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and improvement of public sewer facilities of the Issuer (the "Project"); (ii) to pay certain costs of issuance hereof and related costs; and (iii) paying off the City National Bank of West Virginia Design Loan. The existing public sewerage facilities of the Issuer, the improvements thereto provided by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 16, 2019, and a Supplemental Resolution duly adopted by the Issuer on September 16, 2019, (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE "PRIOR BONDS" DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2019 Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2019 Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2019 Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond

Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

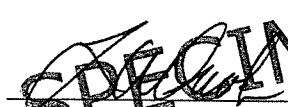
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, SHADY SPRING PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary and has caused this Bond to be dated October 8, 2019.

[SEAL]

  
~~SPECIMEN~~  
Chairperson

ATTEST:

  
~~SPECIMEN~~  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2019 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: October 8, 2019.

UNITED BANK,  
as Registrar

By **SPECIMEN**  
Its Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

AMOUNT

DATE

AMOUNT

DATE

(1) \$672,504.00

October 8, 2019

(7) \$

(2) \$

(8) \$

(3) \$

(9) \$

(4) \$

(10) \$

(5) \$

(11) \$

(6) \$

(12) \$

TOTAL  
SPECIMEN

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

**Net Debt Service***Shady Spring PSD**SRF**\$8,400,000**2.50% Interest Rate**0.50% Administrative Fee**20 Years from the Closing Date*

| Date      | Principal | Interest  | Total Debt<br>Service | Admin Fee | Net Debt Service |
|-----------|-----------|-----------|-----------------------|-----------|------------------|
| 12/1/2021 | 92,737    | 52,500.00 | 145,237.00            | 5,714.06  | 150,951.06       |
| 3/1/2022  | 93,317    | 51,920.39 | 145,237.39            | 5,714.06  | 150,951.45       |
| 6/1/2022  | 93,900    | 51,337.16 | 145,237.16            | 5,714.06  | 150,951.22       |
| 9/1/2022  | 94,487    | 50,750.29 | 145,237.29            | 5,714.06  | 150,951.35       |
| 12/1/2022 | 95,077    | 50,159.74 | 145,236.74            | 5,714.06  | 150,950.80       |
| 3/1/2023  | 95,671    | 49,565.51 | 145,236.51            | 5,714.06  | 150,950.57       |
| 6/1/2023  | 96,269    | 48,967.57 | 145,236.57            | 5,714.06  | 150,950.63       |
| 9/1/2023  | 96,871    | 48,365.89 | 145,236.89            | 5,714.06  | 150,950.95       |
| 12/1/2023 | 97,476    | 47,760.44 | 145,236.44            | 5,714.06  | 150,950.50       |
| 3/1/2024  | 98,086    | 47,151.22 | 145,237.22            | 5,714.06  | 150,951.28       |
| 6/1/2024  | 98,699    | 46,538.18 | 145,237.18            | 5,714.06  | 150,951.24       |
| 9/1/2024  | 99,316    | 45,921.31 | 145,237.31            | 5,714.06  | 150,951.37       |
| 12/1/2024 | 99,936    | 45,300.59 | 145,236.59            | 5,714.06  | 150,950.65       |
| 3/1/2025  | 100,561   | 44,675.99 | 145,236.99            | 5,714.06  | 150,951.05       |
| 6/1/2025  | 101,189   | 44,047.48 | 145,236.48            | 5,714.06  | 150,950.54       |
| 9/1/2025  | 101,822   | 43,415.05 | 145,237.05            | 5,714.06  | 150,951.11       |
| 12/1/2025 | 102,458   | 42,778.66 | 145,237.16            | 5,714.06  | 150,950.72       |
| 3/1/2026  | 103,099   | 42,139.33 | 145,237.30            | 5,714.06  | 150,951.36       |
| 6/1/2026  | 103,743   | 41,493.93 | 145,236.93            | 5,714.06  | 150,950.99       |
| 9/1/2026  | 104,391   | 40,845.54 | 145,236.54            | 5,714.06  | 150,950.60       |
| 12/1/2026 | 105,044   | 40,193.09 | 145,237.09            | 5,714.06  | 150,951.15       |
| 3/1/2027  | 105,700   | 39,536.57 | 145,236.57            | 5,714.06  | 150,950.63       |
| 6/1/2027  | 106,361   | 38,875.94 | 145,236.94            | 5,714.06  | 150,951.00       |
| 9/1/2027  | 107,026   | 38,211.19 | 145,237.19            | 5,714.06  | 150,951.25       |
| 12/1/2027 | 107,695   | 37,542.28 | 145,237.28            | 5,714.06  | 150,951.34       |
| 3/1/2028  | 108,368   | 36,869.18 | 145,237.18            | 5,714.06  | 150,951.24       |
| 6/1/2028  | 109,045   | 36,191.88 | 145,236.88            | 5,714.06  | 150,950.94       |
| 9/1/2028  | 109,727   | 35,510.35 | 145,237.35            | 5,714.06  | 150,951.41       |
| 12/1/2028 | 110,412   | 34,824.56 | 145,236.56            | 5,714.06  | 150,950.62       |
| 3/1/2029  | 111,102   | 34,134.48 | 145,236.48            | 5,714.06  | 150,950.54       |
| 6/1/2029  | 111,797   | 33,440.09 | 145,237.09            | 5,714.06  | 150,951.15       |
| 9/1/2029  | 112,496   | 32,741.36 | 145,237.36            | 5,714.06  | 150,951.42       |
| 12/1/2029 | 113,199   | 32,038.26 | 145,237.26            | 5,714.06  | 150,951.32       |
| 3/1/2030  | 113,906   | 31,330.77 | 145,236.77            | 5,714.06  | 150,950.83       |
| 6/1/2030  | 114,618   | 30,618.86 | 145,236.86            | 5,714.06  | 150,950.92       |
| 9/1/2030  | 115,334   | 29,902.49 | 145,236.49            | 5,714.06  | 150,950.55       |
| 12/1/2030 | 116,055   | 29,181.66 | 145,236.66            | 5,714.06  | 150,950.72       |
| 3/1/2031  | 116,781   | 28,456.31 | 145,237.31            | 5,714.06  | 150,951.37       |
| 6/1/2031  | 117,511   | 27,726.43 | 145,237.43            | 5,714.06  | 150,951.49       |
| 9/1/2031  | 118,245   | 26,991.99 | 145,236.99            | 5,714.06  | 150,951.05       |
| 12/1/2031 | 118,984   | 26,252.96 | 145,236.96            | 5,714.06  | 150,951.02       |
| 3/1/2032  | 119,728   | 25,509.31 | 145,237.31            | 5,714.06  | 150,951.37       |
| 6/1/2032  | 120,476   | 24,761.01 | 145,237.01            | 5,714.06  | 150,951.07       |
| 9/1/2032  | 121,229   | 24,008.03 | 145,237.03            | 5,714.06  | 150,951.09       |
| 12/1/2032 | 121,987   | 23,250.35 | 145,237.35            | 5,714.06  | 150,951.41       |
| 3/1/2033  | 122,749   | 22,487.93 | 145,236.93            | 5,714.06  | 150,950.99       |

**Net Debt Service**  
*Shady Spring PSD*  
*SRF*  
*\$8,400,000*  
*2.50% Interest Rate*  
*0.50% Administrative Fee*  
*20 Years from the Closing Date*

| Date      | Principal | Interest     | Total Debt Service | Admin Fee  | Net Debt Service |
|-----------|-----------|--------------|--------------------|------------|------------------|
| 6/1/2033  | 123,516   | 21,720.75    | 145,236.75         | 5,714.06   | 150,950.81       |
| 9/1/2033  | 124,288   | 20,948.78    | 145,236.78         | 5,714.06   | 150,950.84       |
| 12/1/2033 | 125,065   | 20,171.98    | 145,236.98         | 5,714.06   | 150,951.04       |
| 3/1/2034  | 125,847   | 19,390.32    | 145,237.32         | 5,714.06   | 150,951.38       |
| 6/1/2034  | 126,633   | 18,603.78    | 145,236.78         | 5,714.06   | 150,950.84       |
| 9/1/2034  | 127,425   | 17,812.32    | 145,237.32         | 5,714.06   | 150,951.38       |
| 12/1/2034 | 128,221   | 17,015.91    | 145,236.91         | 5,714.06   | 150,950.97       |
| 3/1/2035  | 129,022   | 16,214.53    | 145,236.53         | 5,714.06   | 150,950.59       |
| 6/1/2035  | 129,829   | 15,408.14    | 145,237.14         | 5,714.06   | 150,951.20       |
| 9/1/2035  | 130,640   | 14,596.71    | 145,236.71         | 5,714.06   | 150,950.77       |
| 12/1/2035 | 131,457   | 13,780.21    | 145,237.21         | 5,714.06   | 150,951.27       |
| 3/1/2036  | 132,278   | 12,958.61    | 145,236.61         | 5,714.06   | 150,950.67       |
| 6/1/2036  | 133,105   | 12,131.87    | 145,236.87         | 5,714.06   | 150,950.93       |
| 9/1/2036  | 133,937   | 11,299.36    | 145,236.96         | 5,714.06   | 150,951.02       |
| 12/1/2036 | 134,774   | 10,462.86    | 145,236.86         | 5,714.06   | 150,950.92       |
| 3/1/2037  | 135,616   | 9,620.52     | 145,236.52         | 5,714.06   | 150,950.58       |
| 6/1/2037  | 136,464   | 8,772.92     | 145,236.92         | 5,714.06   | 150,950.98       |
| 9/1/2037  | 137,317   | 7,920.02     | 145,237.02         | 5,714.06   | 150,951.08       |
| 12/1/2037 | 138,175   | 7,061.79     | 145,236.79         | 5,714.06   | 150,950.85       |
| 3/1/2038  | 139,039   | 6,198.19     | 145,237.19         | 5,714.06   | 150,951.25       |
| 6/1/2038  | 139,908   | 5,329.20     | 145,237.20         | 5,714.06   | 150,951.26       |
| 9/1/2038  | 140,782   | 4,454.78     | 145,236.78         | 5,714.06   | 150,950.84       |
| 12/1/2038 | 141,662   | 3,574.89     | 145,236.89         | 5,714.06   | 150,950.95       |
| 3/1/2039  | 142,547   | 2,689.50     | 145,236.50         | 5,714.06   | 150,950.56       |
| 6/1/2039  | 143,438   | 1,798.58     | 145,236.58         | 5,714.06   | 150,950.64       |
| 9/1/2039  | 144,335   | 902.09       | 145,237.09         | 5,713.72   | 150,950.81       |
|           | 8,400,000 | 2,057,059.78 | 10,457,059.78      | 411,411.98 | 10,868,471.76    |

The quarterly administration fee is calculated based upon 0.50% of the loan payments and will be \$5,714.06, with a final payment of \$5,713.72, to total \$411,411.98.

ASSIGNMENT

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

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

In the presence of:

SPECIMEN

**WEST VIRGINIA MUNICIPAL BOND COMMISSION****NEW ISSUE REPORT FORM**

900 Pennsylvania Avenue, Suite 1117, Charleston, WV 25302

Phone: (304) 558-3971

FAX: (304) 558-1280

mbc.wv.gov

Date of Report: October 8, 2019

ISSUE: Shady Spring Public Service District Sewer Revenue Bonds,  
Series 2019 (Clean Water State Revolving Fund)

ADDRESS: 144 Grandview Road, Daniels, WV 25832 COUNTY: Raleigh

PURPOSE OF ISSUE: X New Money  
       Refunding Refunds issue(s) dated:                     

ISSUE DATE: October 8, 2019 RATE: 2.5% ADMIN FEE: 0.5%

ISSUE AMOUNT: \$8,400,000

1st DEBT SERVICE DUE: December 1, 2021 1st PRINCIPAL DUE: December 1, 2021

1st DEBT SERVICE AMOUNT: \$150,951.06\* PAYING AGENT: Municipal Bond Commission  
\*includes \$5,714.06 SRF Administrative Fee

BOND COUNSEL: Bowles Rice LLP  
Contact Name: Camden P. Siegrist, Esq.  
Phone: (304) 347-1129  
Email: csiegrist@bowlesrice.com

UNDERWRITERS COUNSEL: Jackson Kelly, PLLC  
Contact Name:                       
Phone: Samme L. Gee, Esq.  
Email: (304) 340-1318

CLOSING BANK: City National Bank of West Virginia  
Contact Name: Kelli Smith  
Phone: (304) 255-7201  
Email: kelli.smith@bankcity.com

ESCROW TRUSTEE:                       
Contact Name:                       
Phone:                       
Email:                     

KNOWLEDGEABLE ISSUER CONTACT:  
Contact Name: Jerry Smith  
Title: General Manager  
Phone: (304) 255-1565  
Email: shadypsd@suddenlinkmail.com

OTHER : West Virginia Department of Environmental Protection  
Contact Name : John Giroir  
Title : Acting Manager  
Phone: (304) 926-0499ext. 1603  
Email: john.giroir@wv.gov

DEPOSITS TO MBC AT CLOSE:                       
By Wire                       
Check                       
In-house Transfer                     

Accrued Interest:                       
Capitalized Interest:                       
Reserve Account:                       
Other :                     

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
By Wire                       
Check                       
IGT                     

To Escrow Trustee :                       
To Issuer:                       
To Cons. Invest Fund:                       
To Other :                     

ISSUER NUMBERS:  
BANK ID NUMBER:                       
ACCOUNT NUMBER:                     

CUSIP:                       
PROGRAM NUMBER:                     

NOTES: The Series 2019 Bonds Reserve Account will be funded over ten years with monthly  
installments beginning September 1, 2021.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required:                      Transfers Required: