

TOWN OF ELLENBORO

**ASSUMPTION OF THE
ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

AND RE-DESIGNATED AS

**TOWN OF ELLENBORO
WATER REVENUE BONDS, SERIES 2019 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

TRANSCRIPT

JUNE 12, 2019

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. Loan Resolution for Series 2015 A Bonds
4. Specimen Series 2019 A Bond
5. Registration Book
6. New Issue Report
7. Certificate of CPA
8. Consent of USDA to the Acquisition of Ellenboro Lamberton Public Service District by the Town of Ellenboro and the payment of the District's Bonds
9. RD Form 1951-15 Community Programs Assumption Agreement

OPINIONS OF COUNSEL

10. Approving Opinion on Series 2019 A Bond of Steptoe & Johnson, PLLC, Bond Counsel
11. Opinion of Counsel to Issuer
12. Title Opinions
 - A. Form RD 442-22
 - B. Form RD 1927-10

ACQUISITION DOCUMENTS

13. Order of The County Commission of Ritchie County dated January 24, 2018 Approving the Acquisition Ellenboro Lamberton Public Service District by the Town of Ellenboro
14. Public Service Commission Order Approving the Acquisition of Ellenboro Lamberton Public Service District by the Town of Ellenboro
15. Deed(s) from Ellenboro Lamberton Public Service District
16. Bill of Sale of Ellenboro Lamberton Public Service District
17. Assignment of Rights of Way and Easements of Ellenboro Lamberton Public Service District
18. Assignment of Judgements of Ellenboro Lamberton Public Service District
19. Asset Purchase Agreement

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20. Town Charter
21. A. Sewer Rate Ordinance
B. Minutes on Adoption and Enactment of Sewer Rate Ordinance
C. Affidavit of Publication on Sewer Rate Ordinance and Notice of Public Hearing
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C. Affidavit of Publication on Water Rate Ordinance and Notice of Public Hearing
23. Resolution on Open Governmental Proceedings Rules
24. Ordinance enacted 4/8/2019 Creating the Town of Ellenboro Sanitary Board
25. Ordinance enacted 4/8/2019 Creating the Town of Ellenboro Water Board
26. Minutes on Enactment of Bond Legislation
27. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
28. Ordinance of Town enacted December 11, 2017 authorizing Acquisition Agreement
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31. Board Members of the District
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TOWN OF ELLENBORO

**ASSUMPTION OF THE
ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

AND RE-DESIGNATED AND REPLACED AS

**TOWN OF ELLENBORO
WATER REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

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TOWN OF ELLENBORO

**ASSUMPTION OF THE
ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

**AND
RE-DESIGNATED AND REPLACED AS**

**TOWN OF ELLENBORO
WATER REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

ORDINANCE AUTHORIZING THE ACQUISITION OF THE ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT AND THE SEWER COLLECTION AND TREATMENT SYSTEM OF THE DISTRICT; AUTHORIZING THE ASSUMPTION, RE-DESIGNATION AND REPLACEMENT OF THE ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2015 A (UNITED STATES DEPARTMENT OF AGRICULTURE) BY THE TOWN OF ELLENBORO; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE BONDHOLDERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ASSUMPTION, RE-DESIGNATION AND REPLACEMENT OF SUCH BONDS; AUTHORIZING AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF ELLENBORO:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 of the

West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Ellenboro (the "Town") is a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State.

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Town that there be acquired from the Ellenboro-Lamberton Public Service District (the "District") the existing waterworks and sewerage system of the District (collectively, the "District Assets") from the District, (the existing public waterworks and sewerage system of the District, and any further additions, betterments and improvements thereto are herein called the "District System").

C. The District has heretofore financed the acquisition and construction of public water facilities together with all appurtenant facilities by the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A, dated February 12, 2015 issued in the original aggregate principal amount of \$470,000 (the "District Bonds").

D. The District Bonds were issued pursuant to a Resolution of the District adopted February 10, 2015 for such purpose (such resolution, as amended and supplemented is herein called the "District Resolution").

E. It is deemed necessary and desirable for the Town to provide for the acquisition of the District System and the assumption and re-designation of the District Bonds.

F. It is deemed necessary for the Town to assume the District Bonds and re-designate and replace as the Town of Ellenboro Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), in the original aggregate principal amount not to exceed \$470,000 (the "Series 2015 A Bonds"), as consideration for acquisition of the District Assets.

G. The period of usefulness of the District System after assumption of the District Bonds is not less than 37years.

H. Prior to the assumption of the District Bonds, the Town will obtain a certificate of an Independent Certified Public Accountant stating that the coverage tests of the Series 2015 A Bonds are met. There are no outstanding obligations of the Town which will rank on a parity with the Series 2015 A Bonds as to liens, pledge, source of and security for payment.

I. The estimated Gross Revenues to be derived in each year after completion of the acquisition of the District Assets and assumption, re-designation and replacement of the District Bonds with the Series 2015 A Bonds from the operation of the

System will be sufficient to pay all costs of operation and maintenance of the System, the principal of the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

J. The Town has complied with all requirements of West Virginia law relating to authorization of the acquisition of the District Assets and the System and assumption and re-designation of the District Bonds, or will have so complied prior to assumption and re-designation of the District Bonds, including, among other things and without limitation, the approval of the acquisition of the District Assets and the assumption and re-designation of the District Bonds by the Public Service Commission of West Virginia.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2015 A Bonds by 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 Town and such Bondholders, and the covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2015 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means, collectively, Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

“Authorized Officer” means the Mayor of the Town, or any other officer of the Town specifically designated by resolution of the Governing Body.

“Bondholder,” “Holder of the Bonds,” “Holder,” “Registered 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,” “Ordinance,” “Bond Ordinance” or “Local Act” means this Bond Ordinance and all ordinances, 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 Ordinance or the Supplemental Resolution and its successors and assigns.

“Bonds” means, collectively, the Series 2015 A Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Town.

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

“Closing Date” means the date upon which the District Assets are transferred to the Town and the District Bonds are assumed, re-designated and replaced by the Town.

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

“Depository Bank” means the bank designated as such by resolution of the Town.

“District” means the Ellenboro-Lamberton Public Service District.

“District Assets” means all assets of the District, including all property, real or personal, tangible or intangible, which is part of the sewerage treatment and collection and transportation system of the District.

“District Bonds” means the Ellenboro-Lamberton Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A (United States Department of Agriculture), in the original aggregate principal amount of \$470,000.

“District Resolution” means the resolution dated February 10, 2015 of the District authorizing the District Bonds.

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

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

“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 Town 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” or “Town” means the Town of Ellenboro, a municipality and political subdivision of the State of West Virginia, in Ritchie County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated February 20, 2014, providing for the purchase of the Series 2015 A Bonds from the Issuer by the Purchaser, and any and all amendments thereto.

“Mayor” means the Mayor of the Town.

“Net Proceeds” means the face amount of the Series 2015 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2015 A 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 current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Town relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may

reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

“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 cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond, for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Town.

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

“Purchaser” or “Government” means the United States Department of Agriculture, Rural Utilities Service, and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2015 A Bonds.

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

“Recorder”, means the Recorder of the Town.

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

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

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by Section 4.01 hereof.

“Revenue Fund” means the Revenue Fund established by Section 4.01 hereof.

“Series 2015 A Bonds” means the Town’s Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), of the District, which is authorized by this Ordinance to be assumed and re-designated by the Town.

“Series 2015 A Bonds Reserve Account” means the Series 2015 A Bonds Reserve Account established by the District Resolution which is authorized by this Ordinance to be assumed and re-designated by the Town pursuant to Section 5.01 herein.

“Series 2015 A 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 2015 A Bonds in the then current year; provided however, that as debt service increases, the Series 2015 A Bonds Reserve Requirement shall increase to reflect the maximum amount of principal and interest, if any, in the then current year.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Town supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution authorizing the assumption, re-designation and replacement of the District Bonds by the Series 2015 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2015 A Bonds, and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Gross 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 Town, including, without limitation, the Reserve Account and the Renewal and Replacement Fund.

“System” means the District Assets and the complete existing public sewerage system of the Town, as presently existing in its entirety or any integral part thereof, and shall include any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

“Town” means the Town of Ellenboro, a municipal corporation and political subdivision of the State of West Virginia, in Ritchie County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Town.

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.

ARTICLE II

AUTHORIZATION OF THE DISTRICT ASSETS AND THE ASSUMPTION AND RE-DESIGNATION OF THE DISTRICT BONDS

Section 2.01. Authorization of Acquisition of the District Assets. There is hereby authorized and ordered the acquisition of the District Assets pursuant to the terms of an Asset Purchase Agreement by and between the Town and the District.

Section 2.02. Authorization of Assumption and Re-Designation of the District Bonds. There is hereby authorized and ordered the assumption by the Town in full of the entire outstanding principal of the District Bonds on the Closing Date. The Town also authorizes the re-designation and replacement of the District Bonds as the Town of Ellenboro Water Revenue Bonds, Series 2015 A (United States Department of Agriculture).

ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Assumption of District Bonds. For the purposes of serving as consideration for the District Assets, the Town hereby authorizes the assumption of the District Bonds and the substitution of a new bond of the Town for the District Bonds.

The District Bonds shall be assumed as one series of bonds and re-designated as the "Town of Ellenboro Water Revenue Bonds, Series 2015 A (United States Department of Agriculture").

Section 3.02. Description of Bonds. The Series 2015 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2015 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.0% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only, ON February 12, 2016 and February 12, 2017, and thereafter monthly payments of \$1,730, covering principal and interest, commencing March 12, 2017 to and including February 12, 2055, except that the final installment shall be paid at the on February 12, 2055.

The Series 2015 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2015 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2015 A Bonds, and the right to principal of and stated interest on the Series 2015 A Bonds, may only be transferred by transfer of the registration thereof upon the

books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2015 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2015 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2015 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2015 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2015 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2015 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2015 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2015 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2015 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2015 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2015 A Bonds shall be executed in the name of the Issuer by the Mayor and its corporate seal shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2015 A Bonds shall cease to be such officer of the Issuer before the Series 2015 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2015 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer,

although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2015 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the Holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2015 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2015 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2015 A Bonds shall be secured forthwith by a first lien on the Gross Revenues derived from the System. The Gross Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2015 A Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2015 A Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2015 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

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(FORM OF SERIES 2015 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELLENBORO
WATER REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Replacement Bond
for
Ellenboro-Lamberton Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2015
(United States Department of Agriculture)

No. AR-1

\$470,000

FOR VALUE RECEIVED, TOWN OF ELLENBORO (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$470,000), plus interest on the unpaid principal balance at the rate of 3.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only February 12, 2016 and February 12, 2017 and thereafter monthly installments of \$1,730, covering principal and interest, beginning March 12, 2017 to and including February 12, 2055. The final payment shall be on February 12, 2055 equal to the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 2019, authorizing issuance of this Bond (the "Ordinance").

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

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

THERE ARE NO OUTSTANDING OBLIGATIONS OF THE TOWN WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF ELLENBORO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of:

ARTICLE IV

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

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby re-designated with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Town and from each other:

- (1) Revenue Fund (established by the District Resolution and hereby re-designated as Town of Ellenboro Revenue Fund); and
- (2) Renewal and Replacement Fund (established by the District Resolution and hereby re-designated as Town of Ellenboro Renewal and Replacement Fund).

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby re-designated with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Town and from each other:

- (1) Series 2015 A Bonds Reserve Account (established by the District Resolution as Series 2015 A Bonds Reserve Account and hereby assumed and renamed)

Section 4.02. Project Construction Account. Acquisition and construction of the Project has been completed pursuant to the Certificate of Substantial Completion dated November 2, 2015 and all costs thereof have been paid or provision for such payment has been made. Any balance remaining in the Series 2015 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2015 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2015 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2015 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2015 A Bonds as follows:

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

all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Ordinance.

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

(1) The Issuer shall first, each month, on or before the due date thereof, transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2015 A Bonds.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, on or before the due date thereof, remit to the National Finance Office, the amount required to amortize the principal of the Series 2015 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2015 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2015 A Bonds Reserve Account equals the Series 2015 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2015 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 2015 A Bonds Reserve Requirement.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2015 A Bonds Reserve Account. All amounts required for the Series 2015 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2015 A Bonds and the interest thereon.

The Series 2015 A Bonds Reserve Account shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2015 A Bonds and the interest thereon.

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

The Commission shall keep the monies in the Series 2015 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2015 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any

such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

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

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2015 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2015 A Bonds Reserve Account sums sufficient to prepay the entire remaining unpaid principal of the Series 2015 A Bonds, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenant between the Issuer and the Holder of the Series 2015 A Bonds.

Section 5.02. Rates. Prior to the issuance of the Series 2015 A 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 Recorder, 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 2015 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2015 A Bonds; provided that, amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2015 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2015 A 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 2015 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2015 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 6.01 hereof.

Section 5.03. Sale of the System. So long as the Series 2015 A Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the system, or any part thereof without the prior written consent of the Purchaser. Such consent will provide for the disposition of the proceeds of any such sale.

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2015 A Bonds.

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

So long as the Series 2015 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2015 A Bonds, representing 75% of the then-outstanding principal indebtedness.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All

Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2015 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2015 A Bonds.

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2015 A Bonds remain Outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2015 A Bonds.

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

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

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Series 2015 A Bonds are Outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2015 A 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 the delivery of the Series 2015 A Bonds.

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

- (a) Failure to make payment of any monthly amortization installment upon the Series 2015 A Bonds at the date specified for payment thereof; and
- (b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2015 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

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

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

Section 5.09. Fiscal Year; Budget. While the Series 2015 A Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

Section 5.11. Reserved.

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

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2015 A Bonds are Outstanding.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The Town 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. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Town enacted April 8, 2019 and the sewer rate ordinance of the Town enacted April 8, 2019 which rates are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2015 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2015 A Bonds, the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2015 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2015 A Bonds, the Issuer may not defease the Series 2015 A Bonds or otherwise provide for payment thereof by escrow or like manner.

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

Section 7.03. Delivery of Bonds. The Mayor and Recorder of the Governing Body are hereby authorized and directed to cause the Series 2015 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2015 A Bonds.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided, that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

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

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance 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 Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 7.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The Pennsboro News*, a newspaper of general circulation in the Town of Ellenboro, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Town contemplates the

issuance of the Series 2015 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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Section 7.09. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading: March 11, 2019

Passed on Second Reading: April 8, 2019

Passed on Final Reading
Following Public Hearing: May 13, 2019

TOWN OF ELLENBORO



Mayor

CERTIFICATION

Certified a true copy of a Ordinance duly enacted by the Governing Body of the TOWN OF ELLENBORO on the 13th day of May, 2019.

Dated: June 12, 2019.

[SEAL]


Recorder

TOWN OF ELLENBORO

ASSUMPTION OF THE
ELLENBORO-LAMBERTON PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES
2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

AND
RE-DESIGNATED AND REPLACED AS

TOWN OF ELLENBORO
WATER REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS
AS TO THE ASSUMPTION, RE-DESIGNATION AND
REPLACEMENT OF THE ELLENBORO-LAMBERTON
PUBLIC SERVICE DISTRICT COMBINED
WATERWORKS AND SEWERAGE SYSTEM REVENUE
BONDS, SERIES 2015 A (UNITED STATES
DEPARTMENT OF AGRICULTURE) AND MAKING
OTHER PROVISIONS THERETO.

WHEREAS, the council (the “Governing Body”) of Town of Ellenboro (the
“Issuer”) has duly and officially adopted and enacted a bond ordinance on May 13, 2019 (the
“Bond Ordinance”), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION OF
THE ELLENBORO-LAMBERTON PUBLIC SERVICE
DISTRICT AND THE SEWER COLLECTION AND
TREATMENT SYSTEM OF THE DISTRICT;
AUTHORIZING THE ASSUMPTION, RE-DESIGNATION
AND REPLACEMENT OF THE ELLENBORO-
LAMBERTON PUBLIC SERVICE DISTRICT COMBINED
WATERWORKS AND SEWERAGE SYSTEM REVENUE
BONDS, SERIES 2015 A (UNITED STATES
DEPARTMENT OF AGRICULTURE) BY THE TOWN OF
ELLENBORO; PROVIDING FOR THE RIGHTS AND
REMEDIES OF AND SECURITY FOR THE
BONDHOLDERS OF SUCH BONDS; AUTHORIZING
EXECUTION AND DELIVERY OF ALL DOCUMENTS
RELATING TO THE ASSUMPTION, RE-DESIGNATION
AND REPLACEMENT OF SUCH BONDS; AUTHORIZING
AND PROVIDING FOR THE TERMS AND PROVISIONS

OF SUCH BONDS AND ADOPTING OTHER PROVISIONS
RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the acquisition of the District System and the assumption and re-designation of the District Bonds, all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, the District utilized grants from the United States Department of Agriculture to finance improvements to its System being the (1) Water and Waste System Grant Agreement dated June 10, 2008; (2) Water and Waste System Grant Agreement dated October 16, 2008; and (3) Water and Waste System Grant Agreement dated February 12, 2015 (collectively, the "Grant Agreements");

WHEREAS, in order to obtain the USDA consent to the acquisition of the District System and the assumption and re-designation of the District Bonds, the Town must provide a written agreement to abide by the covenants in the Grant Agreements; and

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

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY
OF TOWN OF ELLENBORO:**

Section 1. The Town hereby agrees to abide by the covenants in the Grant Agreements.

Section 2. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the acquisition of the District System, the assumption and re-designation of the District Bonds and the Grant Agreements.

Section 3. The Mayor and the Recorder are hereby authorized and directed to execute and deliver any and all USDA forms relating to the acquisition of the District System the assumption and re-designation of the District Bonds and approval of the Grant Agreements.

Section 4. The Issuer hereby approves and accepts all contracts relating to the acquisition of the District System and the assumption and re-designation of the District Bonds

Section 5. The acquisition of the District System and the assumption and re-designation of the District Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 6. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of June, 2019.

TOWN OF ELLENBORO




Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of Town of Ellenboro on the 10th day of June, 2019.

Dated: June 12, 2019.

[SEAL]


Recorder

LOAN RESOLUTION
(Public Bodies)

COPY

A RESOLUTION OF THE Board

OF THE Ellenboro-Lamberton Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Ellenboro-Lamberton Public Service District
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of FOUR HUNDRED SEVENTY THOUSAND AND XX/DOLLARS (\$470,000.00)

pursuant to the provisions of Chapter 16 Article 13A, West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 383,500.00

under the terms offered by the Government; that the Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of the

Ellenboro-Lamberton Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this March, 11th day of 2014

Ellenboro-Lamberton Public Service District

(SEAL)

By James H. Walters
James H. Walters
Title Chairman

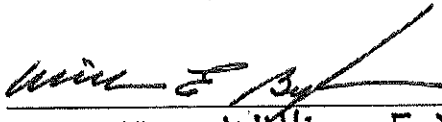
Attest:

Lesly A. Hinton
Lesly A. Hinton
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Ellenboro-Lamberton Public Service District
 hereby certify that the Board of such Association is composed of
3 members, of whom, 3 constituting a quorum, were present at a meeting thereof duly called and
 held on the 11th day of March 2014; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of February 12, 2015,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this 12th day of February 2015


~~Loely A. Hinton~~ William E. Bayless
 Title Secretary

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELLENBORO
WATER REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Replacement Bond
for
Ellenboro-Lamberton Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2015
(United States Department of Agriculture)

No. AR-1

June 12, 2019

\$470,000

FOR VALUE RECEIVED, TOWN OF ELLENBORO (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$470,000), plus interest on the unpaid principal balance at the rate of 3.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Annual installments of interest only February 12, 2016 and February 12, 2017 and thereafter monthly installments of \$1,730, covering principal and interest, beginning March 12, 2017 to and including February 12, 2055. The final payment shall be on February 12, 2055 equal to the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond is issued to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions and improvements to the existing public waterworks system of the Issuer, and (ii) to pay costs of issuance and related costs.

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

Registration of this Bond is transferable by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of

the charges, if any, provided in the herein defined Bond Legislation and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on May 13, 2019, authorizing issuance of this Bond (the "Ordinance").

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

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


THERE ARE NO OUTSTANDING OBLIGATIONS OF THE TOWN WHICH WILL RANK ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT.

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

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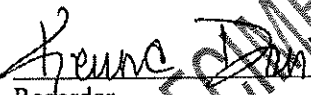
IN WITNESS WHEREOF, the TOWN OF ELLENBORO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]



Mayor

ATTEST:



Recorder

SPECIMEN

SPECIMEN

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of:

TOWN OF ELLENBORO

WATER REVENUE BONDS, SERIES 2015 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$470,000

REGISTRATION BOOK

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

| Bond No. | Date of Registration | In Whose Name Registered | Signature of Secretary of Registrar |
|----------|----------------------|-----------------------------------------|-------------------------------------------------------------------------------------|
| AR-1 | June 12, 2019 | United States Department of Agriculture |  |
| | | | |
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| | | | |
| | | | |
| | | | |

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: 5/24/2019

ISSUE: Town of Ellenboro

Water Revenue Bonds, Series2015 A (United States Department of Agriculture)

ADDRESS: P.O. Box 123, Ellenboro, West Virginia 26346

COUNTY: Ritchie

PURPOSE OF ISSUE: New Money

 Assumption & Replacement

Refunding issue(s) dated: NA

ISSUE DATE: 6/12/2019

RATE: 3.0%

ADMIN FEE NA

ISSUE AMOUNT: \$470,000

1st DEBT SERVICE DUE: NA

1st PRINCIPAL DUE: NA

1st DEBT SERVICE AMOUNT: NA

PAYING AGENT: Issuer

BOND COUNSEL: Steptoe & Johnson PLLC

UNDERWRITERS COUNSEL:

Contact Name: John Stump

Contact Name:

Phone: 304.353.8196

Phone:

Email: john.stump@steptoe-johnson.com

Email:

CLOSING BANK:

ESCROW TRUSTEE:

Contact Name:

Contact Name:

Phone:

Phone:

Email:

Email:

KNOWLEDGEABLE ISSUER CONTACT:

OTHER:

Contact Name: Steve Lewis

Contact Name: Virginia McDonald

Title: Mayor

Title: Area Specialist

Phone: 304.869.3003

Phone: 304.372.6231

Email: ellmayor@hotmail.com

Email: virginia.mcdonald@usda.gov

DEPOSITS TO MBC AT CLOSE:

Accrued Interest:

By: Wire

Capitalized Interest:

Check

Reserve Account:

In-house Transfer

Other:

REFUNDS & TRANSFERS BY MBC AT CLOSE:

To Escrow Trustee:

By: Wire

To Issuer:

Check

To Cons.Invest Fund:

IGT

To Other:

ISSUER NUMBERS:

BANK ID NUMBER:

CUSIP:

ACCOUNT NUMBER:

PROGRAM NUMBER:

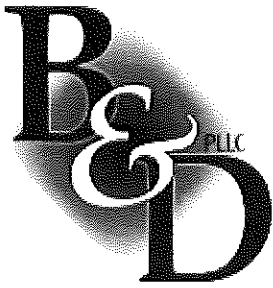
NOTES:

The Town has assumed the Ellenboro-Lamberton PSD Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A and replaced them as the Town of Ellenboro Water Revenue Bonds, Series 2015 A. The Series 2015 A Reserve Account was also assumed and renamed

FOR MUNIICPAL BOND COMMISSION USE ONLY:

Documents Required:

Transfers Required:



Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

ZACHARY D. DOBBINS, CPA
PHILLIP J. NUCE, CPA

June 12, 2019

Acquisition of the Ellenboro-Lamberton Public Service District
and Assumption of Debt by the Town of Ellenboro

Town of Ellenboro
Ellenboro, West Virginia

United States Department of Agriculture
Ripley, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

The Public Service Commission of West Virginia in Case No. 18-0101-PSWD, by Recommended Decision dated July 13, 2018, which became a Final Order of the PSC on August 2, 2018, approved, among other things, the acquisition of the Ellenboro-Lamberton Public Service District (the "District") by the Town of Ellenboro (the "Town") (the "Merger").

Based upon the rates and charges as set forth in the water rate ordinance of the Town enacted April 8, 2019, and the projected operating expenses and the anticipated customer usage as furnished to me by the Town, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the System will pay all operating expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Town of Ellenboro Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated February 12, 2015, issued in the original aggregate principal amount of \$470,000 (the "Series 2015 A Bonds").

Sincerely,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC



Chase Tower, 17th Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.stepToe-johnson.com

Writer's Contact Information

June 12, 2019

Acquisition of Ellenboro-Lamberton Public Service District
and Assumption of Debt by
Town of Ellenboro

Town of Ellenboro
Ellenboro, West Virginia

United States Department of Agriculture
Ripley, West Virginia

West Virginia Municipal Bond Commission
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with (i) the acquisition of the Ellenboro-Lamberton Public Service District (the "District") waterworks system by the Town of Ellenboro (the "Town"), in Ritchie County, West Virginia, (ii) the acquisition and re-designation by the Town of the District Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated February 12, 2015, issued in the original aggregate principal amount of \$470,000 (the "District Bonds"), all issued pursuant to Chapter 16, Article 13A, Chapter 16, Article 13 and Chapter 8, Article 19 of the Act.

We have examined the applicable provisions of the Act, the resolution of the District dated November 14, 2017 proposing and ordering the sale of the District's system to the Town, and the ordinance of the Town ratifying the acquisition of the District's system into it (collectively, the "Resolutions"), pursuant to and under which Act and Resolutions the District's system is being acquired by the Town (the "Acquisition"), the District Bonds are being assumed and re-designated by the Town.

As to questions of fact material to our opinion, we have relied upon the representations of the County Commission of Ritchie, the District and the Town, contained in the Resolutions and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Ritchie County Commission, the District and the Town have duly adopted all necessary resolutions and orders in connection with the Acquisition, the assumption of the District Bonds by the Town and the re-designation of the District Bonds.

2. The acquisition of the District's system by the Town has been duly authorized by the District. As of the date hereof, the Town holds valid title to all assets, including, but not limited to, real and personal property, formerly of the District's system.

3. The Town has assumed all obligations, including all covenants, rights, loan agreements, and responsibility for the payment of the principal of, interest on and debt service reserve for the District Bonds, solely from the Gross Revenues of the waterworks system of the Town.


4. The District and the Town have duly adopted all necessary resolutions and orders in connection with the re-designation of the District Bonds.

a. The District Bonds have been re-designated as follows:

Town of Ellenboro Water Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated February 12, 2015 (United States Department of Agriculture), issued in the original aggregate principal amount of \$470,000, formerly Ellenboro-Lamberton Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A, dated February 12, 2015 (United States Department of Agriculture), issued in the original aggregate principal amount of \$470,000 (the "Series 2015 A Bonds").

5. The Series 2015 A Bonds are on a first lien on the Gross Revenues of the Town waterworks system with respect to liens, pledge and source of and security for payment.

Very truly yours,



STEPTOE & JOHNSON PLLC



Chase Tower, 17th Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

June 12, 2019

Acquisition of Ellenboro-Lamberton Public Service District
and Assumption of Debt by the
Town of Ellenboro

Town of Ellenboro
Ellenboro, West Virginia

United States Department of Agriculture
Ripley, West Virginia

Ladies and Gentlemen:

We have acted as local counsel to the Town of Ellenboro (the "Town") in connection with (i) the acquisition of the Ellenboro-Lamberton Public Service District ("the District") waterworks system and sewerage system by the Town, in Ritchie County, West Virginia, (ii) the assumption and re-designation by the Town of the District's Combined Waterworks and Sewerage System Revenue Bonds, Series 2015 A (United States Department of Agriculture), dated February 12, 2015, issued in the original aggregate principal amount of \$470,000 (the "District Bonds"), pursuant to Chapter 16, Article 13 A, Chapter 16, Article 13 and Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act").

We have examined the applicable provisions of the Act, the resolution adopted November 14, 2017 by the District proposing and ordering the sale of the District's waterworks system and sewerage system by the Town and the ordinance of the Town authorizing the sale of the District's waterworks system and sewerage system duly enacted on December 11, 2017, the ordinance of the Town enacted May 13, 2019 as supplemented by Supplemental Resolution adopted June 10, 2019 (collectively the "Resolutions"), pursuant to and under which Act and Resolutions the District's waterworks system and sewerage system is being acquired by the Town (the "Acquisition"), the District Bonds are assumed by the Town.

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

1. The Town is duly created and validly existing as a municipality and as a public corporation and political subdivision of the State of West Virginia, with corporate power to acquire the District, to assume the District Bonds and to operate and maintain the waterworks system and sewerage system, all under the Act and other applicable provisions of law. The members and officers of the Council of the Town have been duly and properly appointed and elected, have taken the requisite oaths and were, as of the date of their official actions, authorized to act on behalf of the Town in their respective capacities.

2. The ordinances of the Town have been duly enacted by the Council of the Town and are in full force and effect.

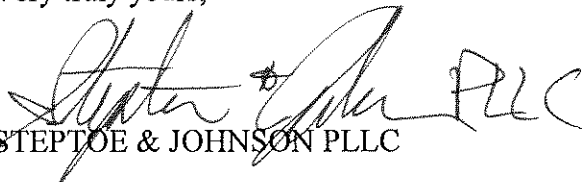
3. To the best of our knowledge, the consummation of the transactions contemplated by the Resolutions and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Town, a breach of or default under any resolution, agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.

4. The Town, the District, and the County Commission of Ritchie County have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the Acquisition and the assumption and re-designation of the District Bonds by the Town, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia including the Recommended Decision dated July 13, 2018, which became a Final Order on August 2, 2019 in Case No. 18-0101-PSWD-PC of the Public Service Commission of West Virginia, approving the Acquisition.

5. To the best of our knowledge, there is no litigation action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Resolutions, the Acquisition, the assumption and re-designation of the District Bonds by the Town, the operation of the waterworks system and sewerage system, the collection of the gross revenues of the Town or the pledge of the Gross Revenues of the Town for the payment of the District Bonds.

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

Very truly yours,



STEPTOE & JOHNSON PLLC