

TOWN OF DURBIN
SEWER BOND ANTICIPATION NOTES, SERIES 2019 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

NOTE ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Ordinance
Section 1.02	Findings
Section 1.03	Note Legislation Constitutes Contract
Section 1.04	Definitions

ARTICLE II
AUTHORIZATION OF THE DESIGN PROJECT

Section 2.01	Authorization of the Design Project
--------------	-------------------------------------

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND
SALE OF NOTES AUTHORIZATION AND EXECUTION
OF LOAN AGREEMENT

Section 3.01	Authorization of Notes
Section 3.02	Terms of Notes
Section 3.03	Execution of Notes
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Notes Mutilated, Destroyed, Stolen or Lost
Section 3.07	Notes not to be Indebtedness of the Issuer
Section 3.08	Notes Secured by Pledge of Net Revenues and Future Revenue Bonds
Section 3.09	Delivery of Notes
Section 3.10	Form of Notes
Section 3.11	Sale of Notes; Approval and Ratification of Execution Loan Agreement
Section 3.12	Filing of Amended Schedule

**ARTICLE IV
[RESERVED]**

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

- Section 5.01 Establishment of Funds and Accounts with Depository Bank
- Section 5.02 Establishment of Funds and Accounts with Commission
- Section 5.03 System Revenues; Flow of Funds

**ARTICLE VI
APPLICATION OF NOTES PROCEEDS**

- Section 6.01 Disbursements of Notes Proceeds

**ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER**

- Section 7.01 General Covenants of the Issuer
- Section 7.02 Notes not to be Indebtedness of the Issuer
- Section 7.03 Notes Secured by Pledge of Net Revenues and Future Revenue Bonds
- Section 7.04 Rates and Charges
- Section 7.05 Sale of the System
- Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant
Against Encumbrances
- Section 7.07 Additional Parity Notes
- Section 7.08 Books; Records and Audit
- Section 7.09 Rates
- Section 7.10 Operating Budget and Monthly Financial Report
- Section 7.11 Engineering Services and Operating Personnel
- Section 7.12 No Competing Franchise
- Section 7.13 Enforcement of Collections
- Section 7.14 No Free Services
- Section 7.15 Insurance and Construction Bonds
- Section 7.16 Connections
- Section 7.17 Completion of Design Project; Permits and Orders
- Section 7.18 Compliance with Loan Agreement and Law
- Section 7.19 RESERVED
- Section 7.20 Securities Law Compliance
- Section 7.21 Statutory Mortgage Lien
- Section 7.22 Contracts; Change Orders; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS; USE OF PROCEEDS

- Section 8.01 Investments
- Section 8.02 Certificate and Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

- Section 9.01 Events of Default
- Section 9.02 Remedies
- Section 9.03 Appointment of Receiver

ARTICLE X
PAYMENT OF NOTES

- Section 10.01 Payment of Series 2013 B Notes

ARTICLE XI
MISCELLANEOUS

- Section 11.01 Amendment or Modification of Note Legislation
 - Section 11.02 Note Legislation Constitutes Contract
 - Section 11.03 Severability of Invalid Provisions
 - Section 11.04 Headings, Etc.
 - Section 11.05 Notices
 - Section 11.06 Conflicting Provisions Repealed
 - Section 11.07 Covenant of Due Procedure, Etc.
 - Section 11.08 Effective Date
- SIGNATURES
CERTIFICATION

TOWN OF DURBIN

NOTE ORDINANCE

ORDINANCE AUTHORIZING THE DESIGN AND OTHER PRE-CONSTRUCTION ACTIVITIES OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC SEWERAGE FACILITIES OF TOWN OF DURBIN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY TOWN OF DURBIN OF NOT MORE THAN \$130,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER BOND ANTICIPATION NOTES, SERIES 2019 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE COUNCIL OF TOWN OF DURBIN:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Town of Durbin (the "Issuer") is a municipality and a public corporation and political subdivision of the State of West Virginia in Pocahontas County of said State.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments, improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of replacement of broken sanitary & storm sewer mains, as well as replacement of the disinfection system at the

WWTP including necessary appurtenances (collectively, the "Project"; and the design and other pre-construction activities shall be defined herein as the "Design Project"). The existing public sewerage facilities of the Issuer and any further additions, betterments, improvements or extensions thereto, are herein called the "System." The Design Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Cost of the Project is estimated to be \$2,860,000, of which up to \$277,000 will be obtained from proceeds of bonds issued to the United States Department of Agriculture; \$200,000 will be obtained from proceeds of bonds issued to the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, the Future Revenue Bonds"); \$2,083,000 will be obtained as a grant from the United States Department of Agriculture; and \$300,000 will be obtained from a grant West Virginia Infrastructure and Jobs Development Council.

D. It is deemed necessary for the Issuer to issue its Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority) in the aggregate principal amount of not more than \$130,000 in one or more notes (the "Series 2019 A Notes"), to temporarily finance the costs of the Design Project in the manner hereinafter provided and paying certain costs of issuance. The cost of such Design Project shall be deemed to include, without being limited to, engineering, design expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, fiscal agents and legal expenses; administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized. The Series 2019 A Notes are being issued pending the issuance of revenue bonds anticipated to be issued prior to the commencement of construction of the Project.

E. It is in the best interests of the Issuer that its Series 2019 A Notes be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a Loan Agreement by and between the Issuer and the Authority, as hereinafter defined, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

F. The payment of the debt service on the Series 2019 A Note shall be secured by a first lien on the Net Revenues of the System and the Future Revenue Bonds proceeds received by the Issuer subsequent to the issuance of the Series 2019 A Note.

G. The Issuer has complied with all requirements of West Virginia law, the Loan Agreement (hereinafter defined) relating to authorization of the Design Project and the System and issuance of the Series 2019 A Notes, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing recommendation thereof by the West Virginia Infrastructure & Jobs Development Council.

H. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2019 A Note for the purposes set forth herein.

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

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

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

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

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

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

“Board” or “Sanitary Board” means the Sanitary Board of the Issuer.

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

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

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

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

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

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

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

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

“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.

“Future Revenue Bonds” means the future bonds to be issued to the United States Department of Agriculture in the amount of \$277,000 and bonds issued to the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council in the amount of \$200,000 to finance a portion of the Project.

"Governing Body" or "Council" means the Town Council of the Issuer, as it may now or hereafter be constituted.

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

“Grant” or “Grants” means any grants committed to the Project.

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

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

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

"Issuer" means Town of Durbin, a municipality, public corporation and political subdivision of the State of West Virginia in Pocahontas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority providing for the purchase of the Series 2019 A Notes, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 2019 A Notes, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Notes" means, collectively, the Series 2019 A Notes and, where appropriate, any notes on a parity therewith subsequently authorized to be issued hereunder or by another Ordinance of the Issuer.

"Note Legislation," "Ordinance," "Note Ordinance" or "Local Act" means this Note Ordinance and all resolutions, orders and resolutions supplemental hereto or amendatory hereof.

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

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority.

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

“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.

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

“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 5.01 herein.

“Revenue Fund” means the Revenue Fund established by section 5.01 hereof.

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

“Series 2019 A Notes” means the Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority) authorized by this Ordinance.

“Series 2019 A Notes Project Account” means the Series 2019 A Notes Project Account established by Section 5.01 herein.

“State” means the State of West Virginia.

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

“Surplus Revenues” means the Net Revenues not required to be set aside and held for the payment of or security for the Series 2019 A Notes or any other obligations of the Issuer.

“System” means the complete public sewerage system of the Issuer presently existing in its entirety or any integral part thereof, and shall include the Project, to be constructed as a result of the issuance of the Series 2019 A Notes, and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF THE DESIGN PROJECT

Section 2.01. Authorization of the Design Project. There is hereby authorized and ordered the Design Project at an estimated cost of not to exceed \$130,000, which will be paid from proceeds of the Series 2019 A Notes. The proceeds of the Series 2019 A Notes hereby authorized shall be applied as provided in Article VI hereof. The Issuer has or will enter into contracts for the Design Project, compatible with the financing plan submitted to the Council.

The estimated maximum cost of the Design Project is \$130,000 which will be obtained from the proceeds of sale of the Series 2019 A Notes.

ARTICLE III

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

Section 3.01. Authorization of Notes. For the purposes of paying Costs of the Design Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2019 A Notes of the Issuer. The Series 2019 A Notes shall be issued as a single note, designated as “Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority)”, in the principal amount of not more than \$130,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Notes. The Series 2019 A Notes shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2019 A Notes shall be payable as to principal to the Authority, in any coin or currency which, on the dates of payment of principal is

legal tender for the payment of public or private debts under the laws of the United States of America.

Unless otherwise provided by the Supplemental Resolution, the Series 2019 A Notes shall initially be issued in the form of a single note, to the Authority, with a record of advances, representing the aggregate principal amount of the Series 2019 A Notes, and shall mature as provided in the Supplemental Resolution. The Series 2019 A Notes shall be exchangeable at the option and expense of the Owner for another Note or Notes of the same series in aggregate principal amount equal to the amount of said Notes then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Notes; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Notes. The Series 2019 A Notes shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2019 A Notes shall cease to be such officer of the Issuer before the Series 2019 A Notes so signed and sealed have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Series 2019 A Notes may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Notes shall hold the proper office in the Issuer, although at the date of such Notes such person may not have held such office or may not have been so authorized.

Section 3.04. Reserved.

Section 3.05. Negotiability and Transfer. The Series 2019 A Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2019 A Notes shall be conclusively deemed to have agreed that such Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Notes shall be incontestable in the hands of a bona fide Holder for value.

Section 3.06. Notes Mutilated, Destroyed, Stolen or Lost. In case any Series 2019 A Notes shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue a new Note of the same series and of like tenor as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. If any such Note shall have matured or be about to mature, instead of

issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Notes not to be Indebtedness of the Issuer. The Series 2019 A Notes shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the proceeds of a Bonds made available to the Issuer subsequent to the issuance of the Notes.

Section 3.08. Notes Secured by Pledge of Net Revenues and Future Revenue Bonds. The payment of the Series 2019 A Notes shall be secured by a first lien on the Net Revenues of the System and the Future Revenue Bonds proceeds received by the Issuer subsequent to the issuance of the Notes to permanently finance a the Costs of the Design Project.

Section 3.09. Delivery of Notes. The Issuer shall execute and deliver the Series 2019 A Notes to the Authority.

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

[Remainder of Page Intentionally Left Blank]

(FORM OF SERIES 2019 A NOTES)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF DURBIN
SEWER BOND ANTICIPATION NOTES, SERIES 2019 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2019, TOWN OF DURBIN, a public corporation and political subdivision of the State of West Virginia in Pocahontas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS \$ _____) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference on the maturity date of _____, 20____.

This Note shall bear no interest and may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 2019.

This Note is issued (i) to temporarily pay the costs of design and other pre-construction activities (the "Design Project"); and (ii) to pay certain costs of issuance and related costs. The existing public sewerage facilities of the Issuer, together with the Design Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Note Ordinance duly enacted by the Issuer on _____, 2019, and a Supplemental Resolution duly adopted by the Issuer on _____, 2019 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof. The Note Legislation provides for the issuance of additional notes under certain conditions, and such notes would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Notes under the Note Legislation.

THE PAYMENT OF THE DEBT SERVICE ON THE SERIES 2019 A NOTE SHALL BE SECURED BY A FIRST LIEN ON NET REVENUES AND THE FUTURE REVENUE BONDS PROCEEDS RECEIVED BY THE ISSUER SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2019 A NOTE TO PERMANENTLY FINANCE THE COSTS OF THE DESIGN PROJECT.

This Note is payable only from and secured by a first lien on Net Revenues and the Future Revenue Bonds proceeds made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the Design Project. This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except as set forth in the Note Ordinance.

This Note, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST

Recorder

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of:

Section 3.11. Sale of Notes; Approval and Ratification of Execution of Loan Agreement. The Series 2019 A Notes shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Upon completion of the Design Project, the Issuer will file with the Authority a schedule for the Series 2019 A Notes, the form of which will be provided by the Authority, setting forth the actual Costs of the Design Project and sources of funds therefor.

ARTICLE IV **[RESERVED]**

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

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2019 A Notes Project Account.

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

- (1) Series 2019 A Note Fund

Section 5.03. System Revenues. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Note Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Note Legislation.

The Issuer shall remit to the Commission the principal upon receipt of proceeds of the Future Revenue Bonds proceeds made available to the Issuer subsequent to the issuance of the Note to permanently finance the costs of the Project and to the extent such Future Revenue Bonds proceeds are not available eighteen (18) months from the Date of Closing, the Issuer shall monthly remit the Net Revenues to the Commission until the Series 2019 A Notes are paid in full.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2019 A Note Fund and created hereunder, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. The Series 2019 A Notes are secured by Net Revenues and the Future Revenue Bonds Proceeds received by the Issuer subsequent to the issuance of the Series 2019 A Notes.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due.

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

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

ARTICLE VI

APPLICATION OF NOTES PROCEEDS

Section 6.01. Disbursements of Notes Proceeds. From the monies received from the sale of the Series 2019 A Note, the following amounts shall be first deducted and deposited in the order set forth below:

A. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2019 A Note, such monies shall be deposited with the Depository Bank in the Series 2019 A Project Account and applied solely to payment of the costs of the Design Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2019 A Note.

B. After completion of the Design Project and all costs have been paid, any remaining proceeds of the Series 2019 A Note shall be expended as directed by the Authority.

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Notes not to be Indebtedness of the Issuer. The Series 2019 A Notes shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Note Legislation.

Section 7.03. Notes Secured by Pledge of Net Revenues and Future Revenue Bonds. The payment on the Series 2019 A Notes shall be secured by a first lien on the Issuer's Net Revenues and the proceeds of the Future Revenue Bonds received to permanently finance the Costs of the Design Project.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted October 9, 2018, which rates are incorporated herein by reference as a part hereof.

Section 7.05 Sale of the System. So long as the Series 2019 A Notes, are Outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Notes Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Authority, or in the event the Authority is no longer a Holder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of the Series 2019 A Notes in accordance with Article X hereof.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such

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

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

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

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2019 A Notes, upon any of the Future Revenue Bonds Proceeds for the Project pledged for payment of the Series 2019 A Notes in this Note Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional Parity Notes. No Bonds or Notes secured by the Net Revenues shall be issued after the issuance of the Series 2019 A Notes pursuant to this Ordinance, without the prior written consent of the Authority.

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

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Design Project.

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

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

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

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Note Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, Notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and, to the extent legally required, in compliance with 2CFR 200 Subpart F, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2019 A Notes and shall submit the report to the Authority, or any other original purchaser of the Series 2019 A

Notes. Such audit report submitted to the Authority shall include a statement that notes whether the results of test disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Prior to, during and after completion of Design Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09 Rates. Prior to the issuance of the Series 2019 A Notes, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient to produce the required sums to pay Operating Expenses and to make the prescribed payments into all funds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10 Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof.

Section 7.11 Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs to be prepared by the Consulting Engineers.

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

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

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

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

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

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

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise

from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

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

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

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

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

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

The Issuer will obtain all permits required by state and federal laws for the Design Project, all orders and approvals required by State law for the Design Project, the operation of the System and issuance of the Series 2019 A Notes, and the Issuer shall supply an opinion of counsel to such effect.

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

Section 7.19. [RESERVED]

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

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2019 A Notes, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2019 A Notes.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2019 A Notes or immediately thereafter, enter into written contracts for the Design Project.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2019 A Notes are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2019 A Notes from gross income for federal income tax purposes.

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

taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Note Legislation.

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

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2019 A Notes:

- (1) If default occurs in the due and punctual payment of the principal of the Series 2019 A Notes; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2019 A Notes set forth in this Note Legislation, any supplemental resolution or in the Series 2019 A Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Authority, the Depository Bank, or any other Paying Agent or a Holder of a Note; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

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

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

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

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

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

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

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

ARTICLE X

PAYMENT OF NOTES

Section 10.01. Payment of Series 2019 A Notes. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2019 A Notes, the principal of and interest, if any, due or to become due thereon at the times and in the manner stipulated therein and in this Note Legislation, then the pledge of Net Revenues and the Future Revenue Bonds proceeds pledged under this Note Legislation and all covenants, agreements and other obligations of the

Issuer to the Owners of the Series 2019 A Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI **MISCELLANEOUS**

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

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

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

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

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

ISSUER:
Town of Durbin
P.O. Box 37
Durbin, West Virginia 26264
Attention: Mayor

AUTHORITY:

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

Section 11.06. Conflicting Provisions Repealed. All orders or Ordinances and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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, the Recorder and members of the Governing Body and the Issuer 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 11.08. 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 Pocahontas Times* a qualified newspaper published and of general circulation in the Town of Durbin, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2019 A Note, 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.

[Remainder of Page Intentionally Left Blank]

Section 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading: December 11, 2018

Passed on Second Reading: January 8, 2019

Passed on Final Reading
Following Public
Hearing: February 12, 2019

TOWN OF DURBIN

A handwritten signature in blue ink, reading "Kenneth R. Lehman", is written over a horizontal line.

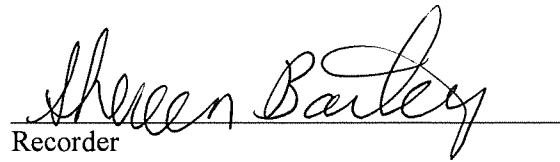
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN
OF DURBIN on the 12th day of February, 2019.

Dated: March 5, 2019.

[SEAL]


Recorder

TOWN OF DURBIN

Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER BOND ANTICIPATION NOTES, SERIES 2019 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF DURBIN; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

WHEREAS, the council (the "Governing Body") of the Town of Durbin (the "Issuer") has duly and officially adopted and enacted a note ordinance, effective February 12, 2019 (the "Notes Ordinance"), entitled:

ORDINANCE AUTHORIZING THE DESIGN AND OTHER PRE-CONSTRUCTION ACTIVITIES OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC SEWERAGE FACILITIES OF TOWN OF DURBIN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY TOWN OF DURBIN OF NOT MORE THAN \$130,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER BOND ANTICIPATION NOTES, SERIES 2019 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF

SUCH NOTES AND ADOPTING OTHER PROVISIONS
RELATING THERETO.

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

WHEREAS, the Notes Ordinance provides for the issuance of the Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), of the Issuer, in the aggregate principal amount not to exceed \$130,000 (the "Notes" or the "Series 2019 A Notes"), and has authorized the execution and delivery of a loan agreement relating to the Notes, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Notes Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, principal payment dates, sale price and other terms of the Notes should be established by a supplemental resolution pertaining to the Notes; and that other matters relating to the Notes be herein provided for;

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

WHEREAS, the Notes are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

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

Section 1. Pursuant to the Notes Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Note, numbered AR-1, in the principal amount of \$130,000. The Series 2019 A Notes shall be dated the date of delivery thereof, shall finally mature September 1, 2020, and shall bear no interest. The principal amount shall be payable on the maturity date of September 1, 2020. The Series 2019 A Notes shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so

long as the Authority shall be the registered owner of the Series 2019 A Notes. The Series 2019 A Notes are secured by Net Revenue of the System and the proceeds of future revenue bonds of the Issuer.

Section 2. All other provisions relating to the Notes and the text of the Notes shall be in substantially the form provided in the Notes Ordinance.

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

Section 4. The Issuer does hereby appoint and designate United Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar"), for the Notes under the Notes Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Notes, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint and designate First Citizens Bank & Trust Company, Arborvale, West Virginia, to serve as Depository Bank under the Notes Ordinance.

Section 7. The balance of the proceeds of the Series 2019 A Notes shall be deposited in or credited to the Series 2019 A Notes Project Account for payment of the costs of the Project, including, without limitation, costs of issuance of the Notes and related costs.

Section 8. Reserved.

Section 9. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Notes hereby and by the Notes Ordinance approved and provided for, to the end that the Notes may be delivered on or about March 5, 2019, to the Authority pursuant to the Loan Agreement.

Section 10. The Project and the financing thereof in part with proceeds of the Notes is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer does hereby approve and authorize all contracts relating to the Project.

[Remainder of Page Intentionally Blank]

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of February, 2019.

TOWN OF DURBIN

A handwritten signature in blue ink, reading "Kenneth R. Lehman", is written over a horizontal line.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Durbin on the 25th day of February, 2019.

Dated: March 5, 2019.

[SEAL]


Recorder

LOAN AGREEMENT

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

TOWN OF DURBIN
(2018W-1764)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by bonds, notes or other negotiable instruments issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an application for a loan with attachments and exhibits (the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of the notes of the Governmental Agency with money in the Authority's Supplemental Fund, subject to the Governmental Agency's

satisfaction of certain legal and other requirements of the Authority's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Notes.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto.

1.4 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of the Notes, as hereinafter defined, pursuant to this Loan Agreement.

1.5 "Local Act" means the resolution, ordinance or other official action of the Governmental Agency required by Section 4.1 hereof, authorizing the issuance of the Notes.

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

1.7 "Notes" means the notes to be issued by the Governmental Agency pursuant to the provisions of the Local Statute to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

1.8 "Project" means the project hereinabove referred to, to be constructed, being constructed or already constructed by the Governmental Agency in whole or in part with the net proceeds of the Notes.

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

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

improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

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

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

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

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

ARTICLE III
Conditions to Loan; Issuance of Notes

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

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

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

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application;

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

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

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

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

in form and substance satisfactory to the Authority, evidence satisfactory to the Authority of such irrevocably committed funds.

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Notes unless and until it has available funds sufficient to purchase all the Notes and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the notes and/or revenue bonds of other governmental agencies for which it has sufficient funds available.

3.6 The Governmental Agency shall prepay the Notes from the proceeds of any permanent financing it obtains for the Project.

ARTICLE IV

Notes; Security for Loan; Repayment of Loan; Interest on Loan; Fees and Charges

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

adopted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

(a) The Governmental Agency hereby pledges the following sources of funds as security for the Notes:

(i) Proceeds of any grants received subsequent to the issuance of the Notes by the Governmental Agency for the System,

(ii) Proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes, and

(iii) Surplus revenues of the System.

In the event any grants are received by the Governmental Agency, or any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency are issued, the Governmental Agency shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes, from such sources.

(b) The Governmental Agency hereby covenants substantially as follows:

(i) That the Governmental Agency shall complete or has completed the Project and will operate and maintain the System in good condition;

(ii) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Notes outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants; provided that, any sale or disposition of the properties of the System in excess of \$100,000 shall require the written consent of the Authority;

(iii) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

(v) That the Governmental Agency recognizes that the Authority may by proper legal action compel the performance of the duties of the Governmental Agency under the Local Act, and shall also have, in the event of a default in the payment of principal of and interest, if any, on the Notes, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

(vii) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

(ix) That the proceeds of the Notes, except for accrued interest and capitalized interest, must be deposited in a notes project fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Notes shall have a lien until such proceeds are applied to the payment of the costs of the Project or to the payment of bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the costs of the Project;

(x) That, as long as the Authority is the owner of any of the Notes, the Governmental Agency may not redeem any Notes without the written consent of the Authority and otherwise in compliance with this Loan Agreement;

(xi) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code"), which exception shall be set forth in an opinion of bond counsel, or, at the option of the Authority, the loan is not tax-exempt, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations or to the effect that no rebate is payable, and, at any time, any additional information requested by the Authority;

(xii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Notes, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds, or any bonds secured by the Notes;

(xiii) That the Governmental Agency shall annually provide the Authority with bank statements and all investment information for the funds and accounts related to the proceeds of the Local Bonds;

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

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

(xvi) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Notes (as that term is defined in the Code) from time to time as the Authority may request;

(xvii) That the Governmental Agency shall not issue any bonds, notes or other obligations payable from the revenues of the System unless it has received the written consent of the Authority;

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

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

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

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted in compliance with all necessary corporate and other

action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

4.2 The principal of and interest, if any, on the Loan shall be repaid by the Governmental Agency on the days and in the years as provided in Schedule X and Schedule Y attached hereto.

4.3 The Loan shall bear interest, if any, from the dates and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Notes exceed any statutory limitation with regard thereto.

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

4.5 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.6 Unless otherwise agreed by the Authority, the Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

ARTICLE V

Certain Covenants of the Governmental Agency; Imposition and Collection of User Charges; Payments To Be Made by Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in any payment to the Authority, the amount of such default shall bear interest at the annual rate of 3% on the installment of the Loan next due, from the date of the default until the date of the payment thereof, unless waived by the Authority.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the costs of the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Notes, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if

(a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.3 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Code, if applicable, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Notes.

6.4 Notwithstanding Section 6.3, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.5 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used to pay costs of the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.6 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Notes to the Authority;
- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest, if any, on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

TOWN OF DURBIN

(SEAL)

By: Kenneth R. Lohman
Its: Mayor
Date: March 5, 2019

Attest:

By: Shereen Bailey
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: M. D. R.
Its: Executive Director
Date: March 5, 2019

Attest:

By: Sheila A. Miller
Its: Authorized Officer

EXHIBIT A
FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Bonds)

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

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

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids

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

include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Funding Assistance Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xi) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

EXHIBIT B
OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of notes of the Governmental Agency, dated _____, _____ (the "Notes"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are issued in the principal amount of \$_____, in the form of one note, fully registered as to principal to the Authority, with no interest, and the entire outstanding principal of the Notes shall be payable on _____, _____, as set forth in Schedule Y incorporated in and made a part of the Notes.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the note _____ duly adopted or enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Notes are authorized and issued, and the Loan Agreement that has been undertaken. The Notes are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

5. The Notes have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid and legally enforceable special obligations of the Governmental Agency, payable from and secured by a first lien on the proceeds of any grants received by the Governmental Agency for the System, proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes and the Surplus Revenues of the System, all in accordance with the terms of the Notes and the Local Act.

6. [If required, the Notes are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Notes is excludable from the gross income of the recipients thereof for federal income tax purposes.]

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF NOTES

Principal Amount of Notes	\$130,000
Purchase Price of Notes	\$130,000

The Notes shall bear no interest and have a term of 18 months. Principal of the Notes shall be payable on the maturity date.

The Governmental Agency shall submit its payments to the Commission which will make payment to the Authority at such address as is given to the Commission in writing by the Authority.

The Notes are fully registered in the name of the Authority as to principal and the Notes shall grant the Authority a first lien on the Net Revenues of the Governmental Agency's System and the proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Governmental Agency, issued subsequent to the issuance of the Notes.

The Governmental Agency may prepay the Notes in part or in whole at any time at the price of par but only with the Authority's written consent. The Governmental Agency shall prepay the Notes from the proceeds of any permanent financing it obtains for the Project. The Governmental Agency shall request approval from the Authority in writing of any proposed debt which will be issued by the Governmental Agency, which written request must be filed at least 60 days prior to the intended date of issuance.



December 6, 2018

Ms. Lesley Taylor
Senior Project Specialist
Region 4 Planning & Development Council
885 Broad St., Ste 100
Summersville, WV 26651

RE: Town of Durbin

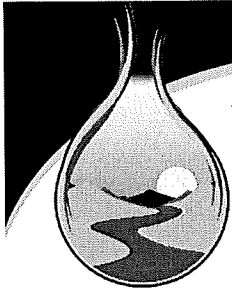
Dear Lesley:

The West Virginia Water Development Authority is issuing this commitment letter to purchase from the Town of Durbin Sewer System Bond Anticipation Notes (BANs) in an amount not to exceed \$130,000, at 0% interest rate, with a \$5,500 origination fee to be paid at closing for a term not to exceed 18 months from date of closing. The BANs will be paid from the proceeds of a loan from the West Virginia Infrastructure Jobs and Development Council (IJDC) or the United State Department of Agriculture (USDA). This commitment is for 3 months and is subject to satisfaction of all documents and a loan commitment letter from either IJDC or USDA.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Marie L. Prezioso
Executive Director



WEST VIRGINIA

Infrastructure & Jobs Development Council

October 09, 2018

Kenneth Lehman
DURBIN, TOWN OF
P O Box 37
Durbin, WV 26264

Re: DURBIN, TOWN OF
Sewer Line Upgrade/Replacement Project No. 2018S-1764
Preliminary Application Approved

Dear Kenneth Lehman:

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

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

Below is loan information for this Project:

USDA Loan (Term: 38 years Rate: 2.37%) - \$277,000.00

IJDC District 3 Loan (Term: 30 years Rate: 2%) - \$200,000.00

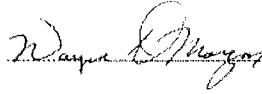
Below is grant information for this Project:

USDA Grant - \$2,083,000.00

IJDC District 3 Grant - \$300,000.00

Total project cost is \$2,860,000.00. If you have any questions regarding this matter, please contact Wayne Morgan, Executive Director, at (304) 414-6501 (X106).

Sincerely,

A handwritten signature in dark ink, appearing to read "Wayne Morgan", written over a horizontal line.

Wayne Morgan
Executive Director

cc: Katheryn Emery, West Virginia Department of Environmental Protection
 Dewayne N. Hannah, Hannah Engineering
 Lesley Taylor, Region 4 - Planning & Development Council
 Michael D Griffith, Griffith & Associates
 Samme Gee, Esq., Jackson Kelly

TOWN OF DURBIN

Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR NOTES AND NOTE PROCEEDS

On this 5th day of March, 2019, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of Town of Durbin (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of \$130,000, numbered AR-1 (the "Series 2019 A Notes") issued as a single, fully registered Note, and dated March 5, 2019.

2. At the time of such receipt, all the Series 2019 A Notes had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Notes.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2019 A Notes, of \$56,765, being a portion of the principal amount of the Series 2019 A Notes. The balance of the principal amount of the Series 2019 A Notes will be advanced by the Authority to the Issuer as the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative

TOWN OF DURBIN

By: Kenneth R. Lehman
Its: Mayor

TOWN OF DURBIN

Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER NOTE

United Bank,
as Note Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 5th day of March, 2019, there are delivered to you herewith:

- (1) Note No. AR-1, constituting the entire original issue of Town of Durbin Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), in the principal amount of \$130,000 (the "Series 2019 A Notes") dated March 5, 2019, executed by the Mayor and Recorder of Town of Durbin (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Note Ordinance duly enacted by the Issuer on February 12, 2019, and a Supplemental Resolution duly adopted by the Issuer on February 25, 2019 (collectively, the "Note Legislation");
- (2) A copy of the Note Legislation authorizing the above-captioned Notes, duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of a loan agreement for the Series 2019 A Notes, dated March 5, 2019, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"); and
- (4) Executed opinions of nationally recognized note counsel regarding the validity of the Loan Agreement and the Notes.

You are hereby requested and authorized to deliver the Series 2019 A Notes to the Authority upon payment to the Issuer of the sum of \$56,765, representing a portion of the principal amount of the Series 2019 A Notes. Prior to such delivery of the Notes, you will please cause the Notes to be authenticated and registered by an authorized officer, as Note Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF DURBIN

By: 
Its: Chairman

629770.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF DURBIN
SEWER BOND ANTICIPATION NOTES, SERIES 2019 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$130,000

KNOW ALL MEN BY THESE PRESENTS: That on this 5th day of March, 2019, TOWN OF DURBIN, a public corporation and political subdivision of the State of West Virginia in Pocahontas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$130,000) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference on the maturity date of September 1, 2020.

This Note shall bear no interest and may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated March 5, 2019.

This Note is issued (i) to temporarily pay the costs of design and other pre-construction activities (the "Design Project"); and (ii) to pay certain costs of issuance and related costs. The existing public sewerage facilities of the Issuer, together with the Design Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Note Ordinance duly enacted by the Issuer on February 12, 2019, and a Supplemental Resolution duly adopted by the Issuer on February 25, 2019 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof. The Note Legislation provides for the issuance of additional notes under certain conditions, and such notes would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Notes under the Note Legislation.

THE PAYMENT OF THE DEBT SERVICE ON THE SERIES 2019 A NOTE SHALL BE SECURED BY A FIRST LIEN ON NET REVENUES AND THE FUTURE REVENUE BONDS PROCEEDS RECEIVED BY THE ISSUER SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2019 A NOTE TO PERMANENTLY FINANCE THE COSTS OF THE DESIGN PROJECT.

This Note is payable only from and secured by a first lien on Net Revenues and the Future Revenue Bonds proceeds made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the Design Project. This Note does not constitute a

corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except as set forth in the Note Ordinance.

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

This Note, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]


Mayor

SPECIMEN

ATTEST


Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2019 A Notes described in the within-mentioned Note Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 5, 2019.

UNITED BANK,
as Registrar


Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$56,765	03/05/2019	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

In the presence of:



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

March 5, 2019

Town of Durbin
Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

Town of Durbin
Durbin, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as note counsel in connection with the issuance by the Town of Durbin (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$130,000 Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), dated the date hereof (the "Notes").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 5, 2019, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Notes, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Notes are originally issued in the form of one Note, registered as to principal to the Authority, bearing no interest. The principal is payable upon the maturity date of September 1, 2020.

The Notes are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) temporarily paying the costs of design of the acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Notes Ordinance duly enacted by the Issuer on February 12, 2019, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 25, 2019 (collectively, the "Notes Legislation"), pursuant to and under which Act and Notes Legislation the Notes are authorized and issued, and the Loan Agreement has been entered into. The Notes are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Notes Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Notes Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to commence the Project, to operate and maintain the System, to enact the Notes Legislation and to issue and sell the Notes, all under the Act and other applicable provisions of law.

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

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

4. The Notes have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues and future bond proceeds issued to permanently finance the costs of the Project referred to in the Notes Legislation and secured by a first lien on and pledge of the Net Revenues and future bond proceeds issued to permanently finance the costs of the Project.

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

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

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

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

Very truly yours,


STEPH & JOHNSON PLLC

Robert P. "Bob" Martin
2276 Huntersville Drive
Marlinton, WV 24954
(304) 799-7276
bob@bobmartinlaw.com

March 5, 2019

Town of Durbin
Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

West Virginia Water Development Authority
1009 Bullitt Street
Charleston WV 25301

Steptoe & Johnson PLLC
707 Virginia Street, East
Charleston WV 25301

Ladies and Gentlemen:

I am counsel to the Town of Durbin in Pocahontas County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as note counsel, a loan agreement for the Notes dated March 5, 2019, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Note Ordinance duly enacted by the Issuer on February 12, 2019, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 25, 2019 (collectively, the "Note Legislation"), and other documents relating to the above-captioned Notes of the Issuer (the "Notes"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Note Legislation and the Loan Agreement when used herein.

I am of the opinion that:

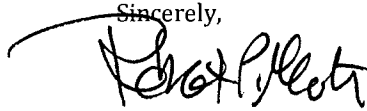
1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the Council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Note Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
4. The execution and delivery of the Notes and the Loan Agreement and the consummation of the transactions contemplated by the Notes, the Loan Agreement and the Note Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Notes, the Project, the operation of the system and the imposition of rates and charges for the use of the System, including, without limitation, the receipt of all requisite orders and approval from the West Virginia Infrastructure and Jobs Development Council, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

6. To the best of my knowledge, after due inquiry, 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 transactions contemplated by the Notes, Loan Agreement, the Note Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Notes, the collection of the Gross Revenues or the pledge of the Net Revenues and proceeds of the Future Revenue Bonds.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert P. Martin", with a large, sweeping flourish above the name.

Robert P. Martin
WBSB # 4516



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

March 5, 2019

Town of Durbin
Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

West Virginia Water Development Authority
Charleston, West Virginia

StepToe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Durbin in Pocahontas County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of StepToe & Johnson PLLC, as note counsel, a loan agreement for the Notes dated March 5, 2019, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Note Ordinance duly enacted by the Issuer on February 12, 2019, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 25, 2019 (collectively, the "Note Legislation"), and other documents relating to the above-captioned Notes of the Issuer (the "Notes"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Note Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the Council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Note Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
4. The execution and delivery of the Notes and the Loan Agreement and the consummation of the transactions contemplated by the Notes, the Loan Agreement and the Note Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Notes, the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approval from the West Virginia Infrastructure and Jobs Development Council, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

6. To the best of our knowledge, after due inquiry, 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 transactions contemplated by the Notes, Loan Agreement, the Note Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Notes, the collection of the Gross Revenues or the pledge of the Net Revenues and proceeds of the Future Revenue Bonds.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

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: 3/5/2019

ISSUE: Town of Durbin, Sewer Bond Anticipation Notes, Series 2019 A (WDA)ADDRESS: PO Box 37, Durbin, WV 26264COUNTY: PocahontasPURPOSE OF ISSUE: ☒ New Money
☐ Refunding

Refunding issue(s) dated: _____

ISSUE DATE: March 5, 2019RATE: 0.00% ADMIN FEE NAISSUE AMOUNT: \$130,0001st DEBT SERVICE DUE: September 1, 20201st PRINCIPAL DUE: September 1, 20201st DEBT SERVICE AMOUNT: n/aPAYING AGENT: MBCBOND COUNSEL: Steptoe & Johnson PLLC

UNDERWRITERS COUNSEL: _____

Contact Name: John Stump, Esquire

Contact Name: _____

Phone: 304.353.8196

Phone: _____

Email: john.stump@steptoe-johnson.com

Email: _____

CLOSING BANK: First Citizens Bank & Trust

ESCROW TRUSTEE: _____

Contact Name: Debra Ervine

Contact Name: _____

Phone: 304.456.3117

Phone: _____

Email: debra.ervine@firstcitizens.com

Email: _____

KNOWLEDGEABLE ISSUER CONTACT:

OTHER: _____

Contact Name: Kenny LehmanContact Name: Sheila MillerTitle: MayorTitle: CFOPhone: 304.456.4955Phone: 304.414.6500 x 105Email: klehman@nrao.eduEmail: smiller@wvwda.org

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 Series 2019 A Notes are payable at maturity and do not have a Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____ Transfers Required: _____

TOWN OF DURBIN

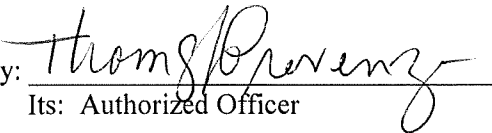
Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

UNITED BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Durbin Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority) dated March 5, 2019, issued in the principal amount of \$130,000 (the "Notes"), and agrees to perform all duties of Registrar in connection with the Notes, all as set forth in the Bond Legislation authorizing issuance of the Notes.

WITNESS my signature on this 5th day of March, 2019.

UNITED BANK

By: 
Its: Authorized Officer

TOWN OF DURBIN

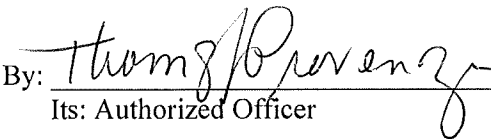
Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF NOTES

UNITED BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Notes of Town of Durbin (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), of the Issuer, dated March 5, 2019, in the principal amount of \$130,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of United Bank, as Registrar.

WITNESS my signature on this 5th day of March, 2019.

UNITED BANK

By: 
Its: Authorized Officer

TOWN OF DURBIN

Sewer Bond Anticipation Notes, Series 2019 A
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 5th day of March, 2019, by and between TOWN OF DURBIN, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$130,000 Sewer Bond Anticipation Notes, Series 2019 A (West Virginia Water Development Authority), in fully registered form (the "Notes"), pursuant to the Note Ordinance of the Issuer duly enacted February 12, 2019, and the Supplemental Resolution of the Issuer duly adopted February 25, 2019 (collectively, the "Note Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Note Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Note Legislation provides for an appointment by the Issuer of a Registrar for the Notes; and

WHEREAS, the Issuer desires to appoint, and by the Note Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Note Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Notes, all as set forth in the Note Legislation, such duties including, among other things, the duties to authenticate, register and deliver Notes upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Notes from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Note Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Note Legislation, the terms of the Note Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Note Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Durbin
Post Office Box 37
Durbin, West Virginia 26264
Attn: Mayor

REGISTRAR: United Bank
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Notes in accordance with the Note Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF DURBIN

By: 
Its: Mayor

UNITED BANK

By: 
Its: Authorized Officer

EXHIBIT A

Note Legislation included in Note transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION