

TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

Closing Date: May 17, 2018

TOWN OF GILBERT

NOTE ORDINANCE

ORDINANCE AUTHORIZING THE DESIGN AND OTHER PRE-CONSTRUCTION ACTIVITIES OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS FACILITIES OF THE TOWN OF GILBERT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF GILBERT OF NOT MORE THAN \$120,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER GRANT ANTICIPATION NOTES, SERIES 2018 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 ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF GILBERT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance or resolution supplemental hereto or amendatory hereof, the "Note Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Gilbert (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mingo 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 waterworks facilities of the Issuer, consisting of the construction of approximately 13,210 linear feet of 8-inch and smaller diameter water main, one 250 gallon per minute booster station, one 200 gallon per minute booster station, fire hydrants, valves, individual customer services and all necessary and related appurtenances to extended potable water service to approximately 33 new residential and small commercial customers between the

communities of Verner and Paynter Bottom in Mingo County (the "Project"; and the design and other pre-construction activities shall be defined herein as the "Design Project"). The existing public waterworks 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. It is deemed necessary for the Issuer to issue its Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority) in the aggregate principal amount of not more than \$120,000 as a single note (the "Series 2018 A Notes"), to temporarily finance a portion of the costs of the Design Project in the manner hereinafter provided, pay capitalized interest and to pay costs of issuance. The cost of such Design Project shall be deemed to include, without being limited to, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; capitalized interest, if any, on the Series 2018 A Notes; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided, that reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project. The Series 2018 A Notes are being issued in anticipation of receipt by the Issuer of approximately \$120,000 from the Appalachian Regional Commission ("ARC") grant.

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

E. It is in the best interests of the Issuer that its Series 2018 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. There are outstanding obligations of the Issuer which are secured by the Gross Revenues of the System being the Issuer's:

- (i) Water Revenue Bonds, Series 2009 A (United States Department of Agriculture) dated August 3, 2009, and issued in the original aggregate principal amount of \$472,000 (the "Series 2009 A Bonds");
- (ii) Water Revenue Bonds, Series 2012 A (United States Department of Agriculture) dated July 27, 2012, and issued in the original aggregate principal amount of \$662,000 (the "Series 2012 A Bonds");

- (iii) Water Revenue Bonds, Series 2012 B (United States Department of Agriculture) dated July 27, 2012, and issued in the original aggregate principal amount of \$1,200,000 (the “Series 2012 B Bonds”);
- (iv) Water Revenue Bonds, Series 2012 C (West Virginia Infrastructure Fund) dated July 27, 2012, and issued in the original aggregate principal amount of \$983,500 (the “Series 2012 C Bonds” (collectively, the “Prior Bonds”).

The Series 2018 A Notes will have no lien on the Net Revenues or Gross Revenues. The payment of the debt service on the Series 2018 A Note shall be secured by a first lien on all grant proceeds received by the Issuer subsequent to the issuance of the Series 2018 A Note to permanently finance a portion of the costs of the Project.

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 2018 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 thereof by the West Virginia Infrastructure and Jobs Development Council.

H. The Project has 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 2018 A Notes by the Noteholders 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 2018 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, Chapter 8, Article 19 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 Noteholder of the Series 2018 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.

“Bondholder,” “Noteholder,” “Holder of the Bonds,” “Holder,” “Registered 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 2018 A Notes for all or a portion of the proceeds of the Series 2018 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 E. L. Robinson Engineering Co., Charleston, 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 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.

“Governing Body” means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently 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” means any grants committed to the Project, including the Appalachian Regional Commission and United States Department of Agriculture.

“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 the Town of Gilbert, a municipal corporation and political subdivision of the State of West Virginia in Mingo County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

“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 2018 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 Issuer.

“Net Proceeds” means the face amount of the Series 2018 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.

“Note Legislation,” “Ordinance,” “Note Ordinance” or “Local Act” means this Note Ordinance in its present form and all ordinances, orders and resolutions supplemental hereto or amendatory hereof. “Notes” means, collectively, the Series 2018 A Notes and, where appropriate, any notes on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

“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.

“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 Authority, fiscal agents, the Depository Bank, Registrar 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 the 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.

“Prior Bonds” means the Series 2009 A Bonds, Series 2012 A Bonds, Series 2012 B Bonds and Series 2012 C Bonds.

“Prior Ordinances” means the ordinances authorizing the issuance of the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be

replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Recorder" means the Recorder of the Issuer.

"Regulations" means temporary and permanent promulgated under the Code, or any predecessor thereto.

"Reserve Accounts" means, collectively, the respective reserve accounts for the Prior Bonds.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Prior Ordinances and continued hereby.

"Revenue Fund" means the Revenue Fund established by Prior Ordinances and continued hereby.

"Series 2009 A Bonds" means the Issuer's Water Revenue Bonds, Series 2009 A (United States Department of Agriculture) dated August 3, 2009, and issued in the original aggregate principal amount of \$472,000.

"Series 2012 A Bonds" means the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture) dated July 27, 2012, and issued in the original aggregate principal amount of \$662,000.

“Series 2012 B Bonds” means the Water Revenue Bonds, Series 2012 B (United States Department of Agriculture) dated July 27, 2012, and issued in the original aggregate principal amount of \$1,200,000.

“Series 2012 C Bonds” means the Water Revenue Bonds, Series 2012 C (West Virginia Infrastructure Fund) dated July 27, 2012, and issued in the original aggregate principal amount of \$983,500.

“Series 2018 A Notes” means the Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority) authorized by this Ordinance.

“Series 2018 A Notes Fund” means the Series 2018 A Notes Fund established by Section 5.02 hereof.

“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 2018 A Notes; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2018 A Notes, and not so included may be included in another Supplemental Resolution.

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

“System” means the complete public waterworks 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 2018 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.

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 \$120,000, of which a portion will be paid from proceeds of the Series 2018 A Notes. The proceeds of the Series 2018 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 in an amount compatible with the financing plan submitted to the Authority.

The estimated maximum cost of the Design Project is \$120,000 which will be obtained from the proceeds of sale of the Series 2018 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 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 2018 A Notes of the Issuer. The Series 2018 A Notes shall be issued as a single note, designated as "Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority)", in the principal amount of not more than \$120,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2018 A Notes remaining after funding capitalization of interest, if any, shall be deposited in or credited to the Series 2018 A Notes Project Account.

Section 3.02. Terms of Notes. The Series 2018 A Notes shall be issued in such principal amount; shall bear interest, if any, 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 2018 A Notes shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2018 A Notes shall be paid by check or draft of the Paying Agent or its agent, mailed to the Noteholder thereof at the address as it appears on the books of the Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Noteholder thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2018 A Notes shall initially be issued in the form of a single note, fully registered to the Authority, with a record of advances, representing the aggregate principal amount of the Series 2018 A Notes, and shall mature as provided in the Supplemental Resolution. The Series 2018 A Notes shall be exchangeable at the option and expense of the Noteholder for another fully registered 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 fully registered 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 2018 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 2018 A Notes shall cease to be such officer of the Issuer before the Series 2018 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 2018 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, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2018 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 2018 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. So long as the Series 2018 A Notes remain Outstanding, the Issuer, through the Registrar or its agent, shall keep and maintain books for the registration and transfer of such Notes.

The registered Series 2018 A Notes shall be transferable only upon the books of the Registrar, by the Noteholder thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Registrar duly executed by the Noteholder or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2018 A Notes are exercised, all Series 2018 A Notes shall be delivered in accordance with the provisions of this Note Legislation. All Series 2018 A Notes surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Series 2018 A Notes, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Note upon each exchange or transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Registrar shall not be obliged to make any such exchange or transfer of any Series 2018 A Notes during the period commencing on the 15th day of the month next preceding a payment date on the Series 2018 A Notes.

Section 3.06. Notes Mutilated, Destroyed, Stolen or Lost. In case any Series 2018 A Notes shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, 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 and the Registrar may incur. All Notes so surrendered shall be cancelled by the Registrar and held for the account of the Issuer. 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 2018 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 grant or grants made available to the Issuer subsequent to the issuance of the Notes. No Holder or Holders of the Series 2018 A Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2018 A Notes or the interest, if any, thereon.

Section 3.08. Notes Secured by Pledge of Grant Proceeds; Lien Position with Respect to Net or Gross Revenues of the System. The payment of the Series 2018 A Notes shall be secured by a first lien on all grant proceeds received by the Issuer subsequent to the issuance of the Notes to permanently finance a portion of the Costs of the Project. The Series 2018 A Notes have no lien on Net Revenues or Gross Revenues of the System.

Section 3.09. Delivery of Notes. The Issuer shall execute and deliver the Series 2018 A Notes to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2018 A Notes to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2018 A Notes are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;
- B. An executed and certified copy of the Note Legislation;
- C. An executed copy of the Loan Agreement; and
- D. The unqualified approving opinion of bond counsel on the Series 2018 A Notes.

Section 3.10. Form of Notes. The text of the Series 2018 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:

(FORM OF SERIES 2018 A NOTES)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this ___ day of _____, 2018, TOWN OF GILBERT, a municipal corporation and political subdivision of the State of West Virginia in Mingo 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.

This Note shall bear interest at a rate of ____%. Interest is payable on each June 1, and December 1. On _____ 1, 20____, the entire principal amount is payable as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated and made a part of this Note.

This Note 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 _____, 2018.

This Note is issued (i) to temporarily pay a portion of the costs of design and other pre-construction activities of certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer; and (ii) to pay certain costs of issuance and related costs. The existing public waterworks facilities of the Issuer, together with the 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 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Note Ordinance duly adopted by the Issuer on _____, 2018, and a Supplemental Resolution duly adopted by the Issuer on _____, 2018 (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.

THIS NOTE HAS NO LIEN ON THE GROSS OR NET REVENUES OF THE SYSTEM. THE PAYMENT OF THE DEBT SERVICE ON THE SERIES 2018 A NOTE SHALL BE SECURED BY A FIRST LIEN ON ALL GRANT PROCEEDS RECEIVED BY

THE ISSUER SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2018 A NOTE TO PERMANENTLY FINANCE A PORTION OF THE COSTS OF THE PROJECT.

This Note and the interest, if any, thereon are payable only from and secured by a first lien on the proceeds of a grant or grants made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the 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 Noteholder, or by its attorney duly authorized in writing, upon the surrender of this Note, together with a written instrument of transfer satisfactory to the Noteholder, duly executed by the Noteholder or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, 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 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 Noteholder 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, the TOWN OF GILBERT 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

AMOUNT	DATE	AMOUNT	DATE
(<u> 1 </u>)	\$ _____	(19)	
(0)		(20)	
(1)		(21)	
(2)		(22)	
(3)		(23)	
(4)		(24)	
(5)		(25)	
(6)		(26)	
(7)		(27)	
(8)		(28)	
(9)		(29)	
(10)		(30)	
(11)		(31)	
(12)		(32)	
(13)		(33)	
(14)		(34)	
(15)		(35)	
(16)		(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 2018 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 2018 A Notes, the form of which will be provided by the Authority, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV **[RESERVED]**

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

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) 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 (established by the Prior Ordinances);
- (2) Renewal and Replacement Fund (established by the Prior Ordinances); and
- (3) Series 2018 A Notes Project Account.

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

- (1) Series 2018 A Notes Fund.

Section 5.03. System Revenues; Flow of Funds. 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 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. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

- (1) The Issuer shall first, each month, from the moneys in the Revenue Fund, make the interest payment on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the principal payment on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amount and on the dates required by the Prior Ordinances.

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

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

This Note has no lien on the Gross Revenues or Net Revenues of the system. The payment of the Series 2018 A Note shall be secured by a first lien on all grant proceeds received by the Issuer subsequent to the issuance of the Series 2018 A Note to permanently finance a portion of the costs of the Project. The Issuer shall remit to the Commission the principal and interest, if any, only upon receipt of a grant or grants made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the Project.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2018 A Notes Fund 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. The Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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 2018 A Notes are secured by future grants received by the Issuer subsequent to the issuance of the Series 2018 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. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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. Application of Notes Proceeds; Pledge of Unexpended Notes Proceeds. From the monies received from the sale of the Series 2018 A Notes, the following amounts shall be first deducted and deposited in the order set forth below:

A. As the Issuer receives advances of the Series 2018 A Notes, such proceeds shall be deposited in the Series 2018 A Notes Project Account and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2018 A Notes.

B. After completion of the Design Project, and all Costs have been paid, any remaining proceeds of the Series 2018 A Notes shall be expended as directed by the Authority.

Section 6.02. Disbursements of Notes Proceeds. The Issuer shall each month provide the Authority with a requisition for the Costs incurred for the Project, together with such documentation as the Authority shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2018 A Notes shall be made only after submission to and approval from the Authority of a certificate, signed by an Authorized Officer, stating that:

- (1) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

- (2) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (3) Each of such Costs has been otherwise properly incurred; and
- (4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2018 A Notes Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this 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 2018 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 2018 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 2018 A Notes or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Notes not to be Indebtedness of the Issuer. The Series 2018 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. No Holder or Holders of the Series 2018 A Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2018 A Notes or the interest, if any, thereon.

Section 7.03. Notes Secured by Pledge of Future Grant Proceeds. The payment on the Series 2018 A Notes shall be secured by a first lien on the Issuer's receipt of future grant or grants used to permanently finance a portion of the Costs of the 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect.

So long as the Series 2018 A Notes are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Note Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2018 A Notes shall prove to be insufficient to produce the required sums set forth in this Note Legislation and

the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Note Legislation and the Loan Agreement.

Section 7.05 Sale of the System. So long as the Series 2018 A Notes, and the Prior Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the Holders of the Prior Bonds, 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 Commission for deposit in the Series 2018 A Notes Fund, 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 and interest, if any, on the Series 2018 A Notes in accordance with Article X hereof. Any balance remaining after the payment of the Series 2018 A Notes and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$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 future grants received by the Issuer which rank prior to, or equally, as to lien on and source of and security for payment with the Series 2018 A Notes. All obligations issued by the Issuer after the issuance of the Series 2018 A Notes and payable from future grants, 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 2018 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 2018 A Notes, and the interest, if any, thereon, upon any of the future grants or from any grants for the Project pledged for payment of the Series 2018 A Notes and the interest, if any, thereon 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 grants or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Additional Parity Notes. No additional Parity Notes, payable out of the future grants, shall be issued after the issuance of the Series 2018 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 Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the 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 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 and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a 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 2018 A Notes and shall mail in each year to any Holder or Holders of the Series 2018 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 2018 A Notes and shall submit the report to the Authority, or any other original purchaser of the Series 2018 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 and reserve requirements.

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

Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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 2018 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 prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies.

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 2018 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. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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 2018 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 2018 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, shall take effect immediately upon delivery of the Series 2018 A Notes and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2018 A Notes or immediately thereafter, enter into written contracts for the Design Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending

any proceeds of the Series 2018 A Notes held in “contingency” as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2018 A Notes made available due to project underruns.

C. 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, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this 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, or at par if such investment is held in the “Consolidated Fund.” The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 2018 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 2018 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 2018 A

Notes as a condition to issuance of the Series 2018 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 2018 A Notes as may be necessary in order to maintain the status of the Series 2018 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 2018 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 2018 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 2018 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 2018 A Notes:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2018 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 2018 A Notes set forth in this Note Legislation, any supplemental resolution or in the Series 2018 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 Commission, the Depository Bank, the Registrar, the Paying Agent 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; or
- (4) If default occurs with respect to the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Noteholder 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 Noteholders 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 Noteholders 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 Noteholders.

Section 9.03. Appointment of Receiver. Any Noteholder 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 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 Noteholder 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 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 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 Noteholder 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 Noteholders 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 Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and

Noteholders 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 2018 A Notes. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2018 A Notes, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Note Legislation, then the pledge of grant proceeds pledged under this Note Legislation and all covenants, agreements and other obligations of the Issuer to the Noteholders of the Series 2018 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 2018 A Notes, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2018 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 Noteholders of the Series 2018 A Notes shall be made without the consent in writing of the Noteholders of the Series 2018 A Notes so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2018 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 out of the funds herein pledged therefor without the consent of the Noteholder thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2018 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 2018 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 Noteholders 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 2018 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 Gilbert
P.O. Box 188
Gilbert, West Virginia 25621
Attention: Mayor

AUTHORITY:

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

Section 11.06. Conflicting Provisions Repealed; Prior Ordinances. All orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided, that in the event of any conflict between this Note Legislation and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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 of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in the Williamson Daily News, a qualified newspaper of general circulation in the Town of Gilbert, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2018 A Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give

notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.09. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading: April 17, 2018

Second Reading: April 30, 2018

Public Hearing
and Third Reading: May 14, 2018

[Remainder of page intentionally left blank]

Adopted this 30th day of April, 2018.

TOWN OF GILBERT


Mayor

CERTIFICATION

Certified a true copy of a Note Ordinance duly passed by the Council of the TOWN OF GILBERT on April 30, 2018 and effective on May 14, 2018.

Dated this 17th day of May, 2018.

[SEAL]


Recorder

**TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

NOTE ORDINANCE

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SIGNATURES

CERTIFICATION

TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER GRANT ANTICIPATION NOTES, SERIES 2018 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF GILBERT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH NOTE AND THE SALE AND DELIVERY OF SUCH NOTE TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTE.

Whereas, the Council (the “Governing Body”) of the Town of Gilbert (the “Issuer”) has duly and officially passed a Note Ordinance on April 30, 2018, effective May 14, 2018 (the “Note Ordinance”), entitled:

ORDINANCE AUTHORIZING THE DESIGN AND OTHER PRE-CONSTRUCTION ACTIVITIES OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS FACILITIES OF THE TOWN OF GILBERT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF GILBERT OF NOT MORE THAN \$120,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER GRANT ANTICIPATION NOTES, SERIES 2018 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 Note Ordinance when used herein;

WHEREAS, the Note Ordinance provides for the issuance of Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority), of the Issuer (the "Series 2018 A Notes"), in the aggregate principal amount not to exceed \$120,000, and has authorized the execution and delivery of a Loan Agreement relating to the Series 2018 A Notes, 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 Note Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2018 A Notes should be established by a supplemental resolution pertaining to the Series 2018 A Notes; and that other matters relating to the Series 2018 A Notes be herein provided for;

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

WHEREAS, the Series 2018 A Notes is proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2018 A Notes be fixed hereby in the manner stated herein, and that other matters relating to the Series 2018 A Notes be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF GILBERT, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Note Ordinance (the "Notice") was duly published in the Williamson Daily News, a qualified newspaper of general circulation in the Issuer with the first publication thereof being not less than ten (10) days before the day set by the Note Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Note Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Note Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Note Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, Town Hall, Gilbert, West Virginia, on May 14, 2018, at 6:30 p.m., prevailing time, in accordance with the Note Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Note Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Note Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Note Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Note Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Note Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single note, numbered AR-1 in the principal amount of \$110,000. The Authority has agreed to charge a one-time fee of \$2,500 in lieu of interest and therefor the Note shall bear no interest. The Series 2018 A Note shall be dated the date of delivery thereof, shall finally mature December 1, 2019. The entire principal amount is payable solely from grant proceeds received by the Issuer to permanently finance a portion of the Project. The Series 2018 A Notes shall be subject to redemption upon the written consent of the Authority, and upon payment of the principal, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Noteholder of the Series 2018 A Notes.

Section 3. The Issuer expects to receive grant funds from the Appalachian Region Commission in approximately the amount of \$679,000 which will repay the Series 2018 A Notes.

Section 3. All other provisions relating to the Series 2018 A Notes and the text of the Series 2018 A Notes shall be in substantially the form provided in the Note Ordinance.

Section 4. 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 application to the Authority. The price of the Series 2018 A Notes shall be 100% of par value, there being no interest accrued thereon.

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 Series 2018 A Notes under the Note Ordinance.

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Gilbert, West Virginia, to serve as Depository Bank under the Note Ordinance.

Section 7. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2018 A Notes hereby and by the Note Ordinance approved and provided for, to

the end that the Series 2018 A Notes may be delivered on or about May 17, 2018, to the Authority pursuant to the Loan Agreement.

Section 8. The Design Project and the financing thereof in part with proceeds of the Series 2018 A Notes are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 9. The Issuer hereby approves the costs of issuance and authorizes the payment of the same including the \$2,500 fee payable to the Authority.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of page intentionally blank]

Adopted this 14th day of May, 2018.

TOWN OF GILBERT



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the TOWN OF GILBERT on the 14th day of May, 2018.

Dated: May 17, 2018.

[SEAL]

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

Recorder

WDA-SF (GAN/1)
(01/18)

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 GILBERT
(2015W-1605)
(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 to make loans to governmental agencies for the design, acquisition or construction of water development projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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 of West Virginia (the "State") to design, acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to temporarily finance the cost of all or a portion of the acquisition and construction of the same by borrowing money to be evidenced by notes issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to design and construct such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS the Project, and its proposed financing, has been reviewed and approved by the West Virginia Infrastructure and Jobs Development Council (the "Council");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan to temporarily finance all or a portion of the

1.9 "System" means the water development 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 design, construction and/or acquisition of the facilities described in the Application in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority 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 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 Director or his 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 it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of 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;

(e) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local 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; and

(f) The Governmental Agency shall have applied for grant funding or received a commitment of grant funds in an amount equal to the Local Notes;

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 Local Notes in the principal amount and at the price set forth in Schedule X hereto. The Local 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 Local 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 Local Notes shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority 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 or such later date as is agreed to in writing by the Authority.

ARTICLE IV

Local Notes; Security for 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 Local Notes pursuant to an official action of the Governmental Agency in accordance with the Local Statute.

(a) The Local Act shall contain covenants substantially as follows:

(ix) That the Governmental Agency shall annually adopt 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;

(x) That, 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;

(xi) That, as long as the Authority is the owner of any of the Local Notes, the Governmental Agency may redeem or authorize redemption of any Local Notes with ten days written notice to the Authority;

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

(xiii) That the Commission shall serve as paying agent for the Local Notes;

(xiv) 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;

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 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 interest payments on the Loan shall be made by the Commission as provided in said Schedule X.

4.3 The Loan shall bear interest from the date of the delivery to the Authority of the Local Notes until the date of payment thereof, 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 Local Notes exceed any statutory limitation with regard thereto.

4.4 The Local 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 Local Notes may be issued in one or more series, as reflected by Schedule X hereto.

(ii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

[Remainder of page intentionally left blank]

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Notes)

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 notes (the "Notes") of the Issuer.
Capitalized words not defined herein shall have the same meanings set forth in the
_____ 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 Notes are being issued for the purposes of (i)
_____, [capitalizing interest on the Notes] 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

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".

EXHIBIT B

OPINION OF COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

We are 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 "Local Notes"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Notes are issued in the principal amount of \$ _____, in the form of one note, registered as to principal and interest to the Authority, with interest payable _____ on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, at the rate of _____% per annum, and with principal payable annually on _____ 1 of each year, commencing _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Notes.

The Local Notes are issued for the purposes of (i) _____, [capitalizing interest on the Notes] 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 _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Notes are authorized and issued, and the Loan Agreement has been undertaken. The Local Notes are subject to redemption prior to maturity upon 10 days written notice to the Authority.

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.

SCHEDULE X

DESCRIPTION OF LOCAL NOTES

Principal Amount of Local Notes \$110,000

The Local Notes shall bear no interest. Principal of the Local Notes is payable on December 1, 2019.

The Local Notes shall grant the Authority a first lien on the future grant receipts received by the Governmental Agency.

**SPECIMEN**

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$110,000

KNOW ALL MEN BY THESE PRESENTS: That on this 17th day of May, 2018, the TOWN OF GILBERT, a municipal corporation and political subdivision of the State of West Virginia in Mingo 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 TEN THOUSAND DOLLARS (\$110,000), 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.

This Note shall bear no interest. On December 1, 2019, the entire principal amount is payable as set forth in the Loan Agreement and incorporated and made a part of this Note.

This Note 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 May 17, 2018.

This Note is issued to (i) temporarily pay a portion of the costs of the Design Project (the "Project"); and (ii) pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, together with the 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 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Note Ordinance duly adopted by the Issuer on April 30, 2018, effective May 14, 2018, and a Supplemental Resolution duly adopted by the Issuer on May 14, 2018 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof.

SPECIMEN

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.

THIS NOTE HAS NO LIEN ON THE GROSS OR NET REVENUES OF THE SYSTEM. THE PAYMENT OF THE DEBT SERVICE ON THE SERIES 2018 A NOTE SHALL BE SECURED BY A FIRST LIEN ON ALL GRANT PROCEEDS RECEIVED BY THE ISSUER SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2018 A NOTE TO PERMANENTLY FINANCE A PORTION OF THE COSTS OF THE PROJECT.

This Note is payable only from and secured by a first lien on the proceeds of a grant or grants made available to the Issuer subsequent to the issuance of the Notes to permanently finance the Costs of the 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 Noteholder, or by its attorney duly authorized in writing, upon the surrender of this Note, together with a written instrument of transfer satisfactory to the Noteholder, duly executed by the Noteholder or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, 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 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 Noteholder 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, the TOWN OF GILBERT 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

SPECIMEN

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$54.513	5/17/2018	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
		\$	

TOTAL

SPECIMEN

(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:

TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

GENERAL CERTIFICATE ON SERIES 2018 A NOTES OF
ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE;
INDEBTEDNESS/GAN
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. LOAN AGREEMENT
9. INSURANCE
10. VERIFICATION OF SCHEDULE
11. SIGNATURES AND DELIVERY
12. NOTES PROCEEDS
13. CONFLICT OF INTEREST
14. SPECIMEN NOTES
15. EXECUTION OF COUNTERPARTS

On this 17th day of May, 2018, we, the undersigned MAYOR and RECORDER of the TOWN OF GILBERT, in Mingo County, West Virginia (the "Issuer"), hereby certify in connection with the Issuer's Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Note Ordinance of the Issuer duly passed on April 30, 2018, effective May 14, 2018, and the Supplemental Resolution duly adopted May 14, 2018 (collectively, the "Note Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2018 A Notes, the Design Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Series 2018 A Notes, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2018 A Notes, the pledge or application of the Future Grant proceeds or any other moneys or security provided for the payment of the Series 2018 A Notes or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2018 A Notes, the Design Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Future Grant proceeds as security for the Series 2018 A Notes.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the Design Project, the operation of the System, and the issuance of the Series 2018 A Notes have been duly and timely obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

The Series 2018 A Notes have no lien on the Net or Gross Revenues of the System. The payment of the debt service on the Series 2018 A Note shall be secured by a first lien on all grant proceeds received by the Issuer subsequent to the issuance of the Series 2018 A Note to permanently finance a portion of the costs of the Project.

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

- Note Ordinance
- Supplemental Resolution
- Infrastructure Council Approval
- Oaths of Office of Mayor, Recorder and Council Members
- Rules of Procedure
- Town Charter
- Minutes on Adoption of Note Ordinance and Supplemental Resolution
- Evidence of ARC Grant
- USDA Letter of Conditions
- Evidence of USDA Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Gilbert." The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Mingo County of said State. The governing body of the Issuer is its Council consisting of five Council members, the Mayor and the Recorder, all duly elected or appointed, qualified and acting, whose names and dates of termination of current terms of office are as follows:

<u>Name</u>		Date of Termination of Office
Vivian Livingood	Mayor	6/30/2021
Michael Fox	Recorder	6/30/2021
Joe Hatfield	Council Member	6/30/2021
Olivia Sammons Johnson	Council Member	6/30/2021
Curtis Lester	Council Member	6/30/2021
Randy Livingood	Council Member	6/30/2021
Jennifer Miller	Council Member	6/30/2021

7. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Notes, the Design Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

8. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

9. INSURANCE: The Issuer will maintain workers' compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Note Legislation and the Loan Agreement. All insurance for the System required by the Note Legislation and the Loan Agreement are in full force and effect.

10. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated Costs of the Project, the sources of funds available to pay the Costs of the Project and the costs of financing of the Notes.

11. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Notes of the aforesaid issue, consisting upon original issuance of a single Note, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Notes and to be attested by his or her manual signature, and did officially deliver the Notes to a representative of

the Authority as the original purchaser of the Notes under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

12. NOTES PROCEEDS: On the date hereof, the Issuer received \$54,513 from the Authority, being a portion of the principal amount of the Series 2018 A Notes. The balance of the principal amount of the Series 2018 A Notes will be advanced to the Issuer as the Design Project progresses.

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

16. SPECIMEN NOTES: Delivered concurrently herewith is a true and accurate specimen of the Series 2018 A Notes.

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

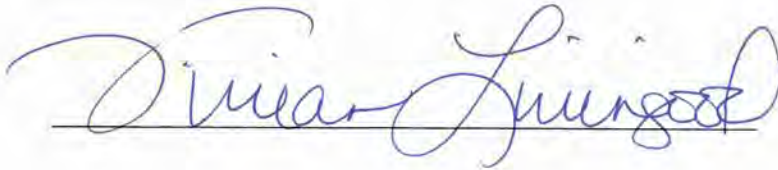
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WITNESS our signatures and the official seal of the TOWN OF GILBERT on the day and year first written above.

[SEAL]

SIGNATURE

OFFICIAL TITLE

A handwritten signature in blue ink, appearing to read "Diana Luning", written over a horizontal line.

Mayor

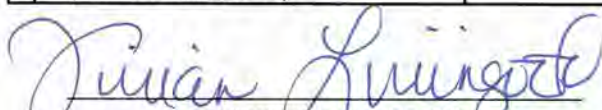
A handwritten signature in blue ink, appearing to be a stylized name, written over a horizontal line.

Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY GAN
2015W-1605
DRAFT SCHEDULE B
TOWN OF GILBERT
RIVER BEND ROAD WATERLINE EXTENSION PROJECT
TOTAL COST OF PROJECT, SOURCES OF FUNDS, AND COST OF FINANCING

May 4, 2018

A. Cost of Project	Total	WDA GAN	ARC Grant	USDA Grant	USDA Loan
1. Construction (Based on actual bids)					
a. Contract 1	\$0.00	\$0.00			
b. Other	\$0.00	\$0.00			
2. Engineering Fees					
a. Basic Engineering	\$0.00	\$0.00			
b. Inspection	\$0.00	\$0.00			
3. Legal	\$15,000.00	\$15,000.00			
4. Administration	\$1,000.00	\$1,000.00			
5. Sites and Other Lands	\$20,000.00	\$20,000.00			
6. Permits	\$60,500.00	\$60,500.00			
7. Accountant	\$10,000.00	\$10,000.00			
8. Construction Contingency	\$0.00	\$0.00			
9. Project Contingency	\$0.00	\$0.00			
10. Total Lines 1 Through 9	\$106,500.00	\$106,500.00			
B. Sources of Funds					
11. WDA GAN	\$106,500.00	\$106,500.00			
12. USDA Grant	\$0.00				
13. USDA Loan	\$0.00				
14. Net Proceeds Required from Bond Issue (Line 10 minus Lines 11 thru 13)	\$106,500.00	\$106,500.00			
C. Cost of Financing					
15. Other Costs					
a. Bond Counsel	\$1,000.00	\$1,000.00			
b. WDA Fee	\$2,500.00	\$2,500.00			
c. Capitalized Interest	\$0.00	\$0.00			
d. Registrar Fee	\$0.00	\$0.00			
16. Total Cost of Financing (Lines 16a Through 16d)	\$3,500.00	\$3,500.00			
17. Size of Bond Issue (Line 14 Plus Line 16)	\$110,000.00	\$110,000.00			


GOVERNMENTAL AGENCY

DATE: 5/14/18


CONSULTING ENGINEER

DATE: 5/14/18

TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

CROSS-RECEIPT FOR SERIES 2018 A NOTE PROCEEDS

On the 17th day of May, 2018, 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 the Town of Gilbert (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 17th day of May, 2018, the Authority received the Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of \$110,000, numbered AR-1 (the "Series 2018 A Notes"), issued as a single Note.

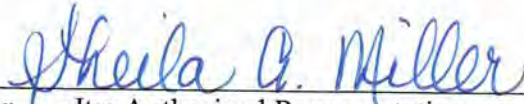
2. At the time of such receipt the Series 2018 A Notes had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Notes.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2018 A Notes an amount of \$54,513. The balance of the principal amount of the Series 2018 A Notes will be advanced by the Authority to the Issuer as acquisition and construction of the Project progresses.

[Remainder of page intentionally blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


By: _____ Its: Authorized Representative

TOWN OF GILBERT


By: _____ Its: Mayor

On file with the Issuer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

900 Pennsylvania Avenue, Suite 1117

Charleston, WV 25302

(304) 558-3971

3.5

NEW ISSUE REPORT FORM

Date of Report: May 17, 2018

ISSUE: Town of Gilbert Water Grant Anticipation Notes, Series 2018 A
(West Virginia Water Development Authority)ADDRESS: P.O. Box 188, Gilbert, WV 25621 COUNTY: MingoPURPOSE OF ISSUE: New Money X
Refunding _____

Refunds issue(s) dated: _____

ISSUE DATE: May 17, 2018CLOSING DATE: May 17, 2018ISSUE AMOUNT: \$110,000RATE: N/A1st DEBT SERVICE DUE: N/A1st PRINCIPAL DUE: December 1, 20191st DEBT SERVICE AMOUNT: N/APAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLCContact Person: Samme L. Gee, EsquirePhone: (304) 340-1318

UNDERWRITERS COUNSEL: _____

Contact Person: _____

Phone: _____

CLOSING BANK: Branch Banking & Trust Co.

Contact Person: _____

Phone: (304) 664-3295

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Vivian CarterPosition: RecorderPhone: (304) 664-9625thetownofgilbert@frontier.comOTHER: WV Water Development AuthorityContact Person: Marie PreziosoFunction: Executive DirectorPhone: (304) 414-6500

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: \$ _____

By Wire

Capitalized Interest: \$ _____

Check

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire

To Escrow Trustee: \$ _____

Check

To Issuer: \$ _____

IGT

To Cons.Invest.Fund \$ _____

To Other: \$ _____

NOTES: The Notes do not have a reserve account. The Notes are to be repaid with future grant proceeds.
The Notes will bear no interest. Entire principal amount to be paid in full on December 1, 2019.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

May 17, 2018

TOWN OF GILBERT
WATER GRANT ANTICIPATION NOTES, SERIES 2018 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

Town of Gilbert
Gilbert, 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 Gilbert (the “Issuer”), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$110,000 Water Grant Anticipation Notes, Series 2018 A (West Virginia Water Development Authority), dated the date hereof (the “Series 2018 A Notes” or the “Notes”).

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 17, 2018, 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, bearing no interest and with principal payable all as set forth in the “Schedule Y” attached to the Loan Agreement and incorporated in and made a part of the Series 2018 A Notes.

The Series 2018 A 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 8, Article 19 of the West Virginia Code of 1931, as amended (the “Act”), for the purposes of (i) to temporarily pay a portion of the costs of the Design Project (the “Project”); and (ii) to pay costs of issuance.

We have also examined the applicable provisions of the Act, the Note Ordinance duly passed by the Issuer on April 30, 2018, and effective May 14, 2018, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 14, 2018 (collectively, the “Note Legislation”), pursuant to and under which Act and Note Legislation the Series 2018 A Notes are authorized and issued, and the Loan Agreement has been entered into. The Series 2018 A 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 Note Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Note 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 acquire and construct the Project, to operate and maintain the System, to enact the Note Legislation and to issue and sell the Series 2018 A 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 by the Issuer 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 Note Legislation and all other necessary resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Series 2018 A Notes and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Note Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2018 A 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 Future Grant proceeds and secured by a first lien on and pledge of the Future Grant proceeds received subsequent to the issuance of the Series 2018 A Notes.

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

6. The Series 2018 A 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 Series 2018 A Notes are exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the Holders of the Series 2018 A Notes and the enforceability of the Series 2018 A Notes, the Loan Agreement and the Note Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency,

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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,

A handwritten signature in blue ink, appearing to read "Ted Kelly". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.