# THE TOWN OF FRANKLIN

**Sewer Revenue Bonds, Series 2003**
**(West Virginia SRF Program)**

**Closing Date: February 11, 2003**

**BOND TRANSCRIPT**

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# THE TOWN OF FRANKLIN

## Sewer Revenue Bonds, Series 2003
## (West Virginia SRF Program)

## BOND TRANSCRIPT

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# THE TOWN OF FRANKLIN
# SEWER REVENUE BONDS, SERIES 2003
# (WEST VIRGINIA SRF PROGRAM)

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THE TOWN OF FRANKLIN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

## ARTICLE I

## STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants

of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of construction and replacement of sewer lines and improvements to the Issuer's wastewater treatment plant; and all appurtenances (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), in the total aggregate principal amount of not more than $2,000,000 (the "Series 2003 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2003 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2003 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2003 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 35 years.

F. It is in the best interests of the Issuer that its Series 2003 Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the

"Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1987 A, dated June 8, 1987, issued in the original aggregate principal amount of $220,741 (the "First Lien Bonds") and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1987 B, dated June 8, 1987, issued in the original aggregate principal amount of $52,655 (the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are hereinafter sometimes collectively referred to as the "Prior Bonds."

The Series 2003 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2003 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; and (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2003 Bonds on a parity with the First Lien Bonds and senior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances.

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

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2003 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2003 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2003 Bonds for the purposes set forth herein.

K. 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. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2003 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2003 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 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 Registered Owner of the Series 2003 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" means the Sanitary Board of the Issuer.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2003 Bonds from the Issuer by the Authority, the

form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2003 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2003 Bonds for all or a portion of the proceeds of the Series 2003 Bonds from the Authority and the DEP.

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, 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 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

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

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

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

"First Lien Bonds" means the Issuer's Sewer Revenue Bonds, Series 1987 A, dated June 8, 1987, issued in the original aggregate principal amount of $220,741.

"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, as it may now or hereafter be constituted.

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

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means The Town of Franklin, a municipal corporation and political subdivision of the State of West Virginia, in Pendleton County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2003 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2003 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2003 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

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

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2003 Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1987 A, dated June 8, 1987, issued in the original aggregate principal amount of $220,741, and the Issuer's Sewer Revenue Bonds, Series 1987 B, dated June 8, 187, issued in the original aggregate principal amount of $52,655.

"Prior Ordinances" means the ordinance of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"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; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations 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 FDIC or Federal Savings and Loan Insurance Corporation, 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 holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must

have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2003 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2003 Bonds.

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

"Second Lien Bonds" means the Issuer's Sewer Revenue Bonds, Series 1987 B, dated June 8, 1987, issued in the original aggregate principal amount of $52,655.

"Series 2003 Bonds" means the Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2003 Bonds Construction Trust Fund" means the Series 2003 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2003 Bonds Reserve Account" means the Series 2003 Bonds Reserve Account established in the Series 2003 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2003 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal which will become due on the Series 2003 Bonds in the then current or any succeeding year.

"Series 2003 Bonds Sinking Fund" means the Series 2003 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2003 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Bond Purchase Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance 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 2003 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2003 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and

improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $2,020,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2003 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $2,020,000, of which approximately $20,000 will be obtained from funds of the Issuer and $2,000,000 will be obtained from the proceeds of the Series 2003 Bonds.

## ARTICLE III

## AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of funding a reserve account for the Series 2003 Bonds, 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 2003 Bonds of the Issuer. The Series 2003 Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program)", in the principal amount of not more than $2,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2003 Bonds remaining after funding of the Series 2003 Bonds Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2003 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2003 Bonds shall be issued in such principal amount payable quarterly on such dates; shall bear interest, if any, at such rate, not exceeding the then legal maximum rate; 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 Bond Purchase Agreement. The Series 2003 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America.

Unless otherwise provided by the Supplemental Resolution, the Series 2003 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2003 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2003 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2003 Bonds 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 2003 Bonds shall cease to be such officer of the Issuer before the Series 2003 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2003 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2003 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2003 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2003 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2003 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2003 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2003 Bonds.

The registered Series 2003 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2003 Bonds or transferring the registered Series 2003 Bonds are exercised, all Series 2003 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2003 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2003 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2003 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2003 Bonds or, in the case of any proposed redemption of Series 2003 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2003 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2003 Bonds 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 Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2003 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2003 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, and senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2003 Bonds and the Prior

Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2003 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2003 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2003 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2003 Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2003 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2003 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF FRANKLIN
SEWER REVENUE BOND, SERIES 2003
(WEST VIRGINIA SRF PROGRAM)

No. R -____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF FRANKLIN, a municipal corporation and political subdivision of the State of West Virginia in Pendleton 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, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2003.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) [to fund a Reserve Account for this Bond;

and (iii)] to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2003, and a Supplemental Resolution duly adopted by the Issuer on _____, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 A, DATED JUNE 8, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,741 (THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 B, DATED JUNE 8, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $52,655 (THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favors of the Holders of the Second Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2003 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 Bonds Reserve Account an amount at least equal to the maximum amount of

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

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF FRANKLIN has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2003.

HUNTINGTON NATIONAL BANK
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2003 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances); and

(3) Series 2003 Bonds Construction Trust Fund.

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 and the Issuer and from each other:

(1) Series 1987 A Bonds Sinking Fund (established by the Prior Ordinances);

(2) Series 1987 A Bonds Reserve Account (established by the Prior Ordinances;

(3) Series 1987 B Bonds Sinking Fund (established by the Prior Ordinances; and

(4) Series 1987 B Bonds Reserve Account (established by the Prior Ordinances).

(5) Series 2003 Bonds Sinking Fund; and

(6) Series 2003 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Prior Ordinances. All revenues at

any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the First Lien Bonds Sinking Fund, the amount required by the Prior Ordinances to pay interest on the First Lien Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1987 A Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the First Lien Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2003 Bonds, for deposit in the Series 2003 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1987 A Bonds Reserve Account, the amount required by the Prior Ordinances; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2003 Bonds, if not fully funded upon issuance of the Series 2003 Bonds, for deposit in the Series 2003 Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, the amount required by the Prior Ordinances to pay the principal of the Second Lien Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, the amount required by the Prior Ordinances.

Monies in the Series 2003 Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 2003 Bonds as the same shall become due. Monies in the Series 2003 Bonds Reserve Account shall be used only for the purposes of paying principal of the Series 2003 Bonds as the same shall come due, when other monies in the Series 2003 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2003 Bonds Sinking Fund and the Series 2003 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2003 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due on the Series 2003 Bonds.

Any withdrawals from the Series 2003 Bonds Reserve Account which result in a reduction in the balance of the Series 2003 Bonds Reserve Account to below the Series 2003 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2003 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2003 Bonds Sinking Fund or into the Series 2003 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2003 Bonds issued pursuant to this Bond Legislation then Outstanding.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Liens Bonds and the Series 2003 Bonds, with said payments being senior and prior to principal, interest, or reserve payments required to be made with respect to the Second Lien Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2003 Bonds Sinking Fund and the Series 2003 Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2003 Bonds Sinking Fund and the Series 2003 Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2003 Bonds Sinking Fund and the Series 2003 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2003 Bonds Sinking Fund and the Series 2003 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required principal and reserve account payments with respect to the Series 2003 Bonds and

all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

D. 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. Surplus Revenues may be used for any lawful purpose of the System.

E. 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 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.

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

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

H. All remittances made by the Issuer to the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2003 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2003 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2003 Bonds, there shall be deposited with the Commission in the Series 2003 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2003 Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2003 Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2003 Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2003 Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Series 2003 Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2003 Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2003 Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2003 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2003 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2003 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2003 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2003 Bonds 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 Bond Legislation. No Holder or Holders of any Series 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2003 Bonds.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2003 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2003 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

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. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted May 22, 2001, as revised by that certain Amendatory Ordinance enacted February 5, 2002, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2003 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2003 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase 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 and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2003 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2003 Bonds, immediately be remitted to the Commission for deposit in the Series 2003 Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of the Series 2003 Bonds. Any balance remaining after the payment of the Bonds 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 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 upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable

in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds for prepayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2003 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2003 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2003 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation 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 2003 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2003 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2003 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2003 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System or refunding the Series 2003 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2003 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2003 Bonds.

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

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2003 Bonds, and shall mail in each year to any Holder or Holders of the Series 2003 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a

summary thereof, to any Holder or Holders of the Series 2003 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2003 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that 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 Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2003 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2003 Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2003 Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2003 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority

and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

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

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 30 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, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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 the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2003 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against

the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase 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.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2003 Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2003 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2003 Bonds during the term thereof is, under the terms of the Series 2003 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2003 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2003 Bonds during the term thereof is, under the terms of the Series 2003 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in

respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2003 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2003 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2003 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2003 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2003 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2003 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2003 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2003 Bonds held in "contingency" as set forth in the Schedule attached

to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2003 Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

## INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such 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, the Depository Bank, or such other bank or national banking association, as the case may be, 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 investment or trust 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 2003 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2003 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2003 Bonds as a condition to issuance of the Series 2003 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2003 Bonds as may be necessary in order to maintain the status of the Series 2003 Bonds as governmental bonds; (ii) that it shall

not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2003 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2003 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2003 Bonds and any additional information requested by the Authority.

## ARTICLE IX

## DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 Bonds:

(1) If default occurs in the due and punctual payment of the principal of the Series 2003 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2003 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2003 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2003 Bonds shall be on a parity with the Holders of the First Lien Bonds, and prior and superior to the rights and remedies of the Holders of the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her 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 exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project

and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

## PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2003 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2003 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2003 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2003 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2003 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2003 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, 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 Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2003 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2003 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this 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 2003 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinances, all ordinances, 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 Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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 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 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Pendleton Times*, a newspaper published and of general circulation in The Town of Franklin, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2003 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

| | | |
|---|---|---|
| Passed on First Reading: | - | November 6, 2002 |
| Passed on Second Reading: | - | December 3, 2002 |
| Passed on Final Reading Following Public Hearing: | - | January 7, 2003 |

Genevieve Gerber
Mayor

CH551504.2

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE TOWN OF FRANKLIN on the 7th day of January, 2003.

Dated: February 11, 2003.

[SEAL]

Patrick B. Godfrey
Recorder

01/29/03
307110.0001

## EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2003 (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF FRANKLIN; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The Town of Franklin (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective January 7, 2003 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS;

APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2003 Bonds"), in an aggregate principal amount not to exceed $2,000,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2003 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,332,645. The Series 2003 Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2034 and shall bear no interest. The principal of the Series 2003 Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2004, and maturing June 1, 2034, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2003 Bonds. The Series 2003 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2003 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2003 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate Pendleton County Bank, Franklin, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2003 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2003 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2003 Bonds shall be deposited in or credited to the Series 2003 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. 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 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about February 11, 2003, to the Authority pursuant to the Loan Agreement.

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

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2003 Bonds Sinking Fund and the Series 2003 Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of February, 2003.

By: Genevieve Glover
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The Town of Franklin on the 4th day of February, 2003.

Dated: February 11, 2003.

[SEAL]

Patrick B. Godfrey
Recorder

01/28/03
307110.00001

CH573538.2

SRF-BPA-1
(06/06/02)

# BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

TOWN OF FRANKLIN
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

## ARTICLE I

### Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

1.3 "Local Act" means the official action of the Local Government required by Section 4.1 hereof, authorizing the Local Bonds.

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

1.6 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.7 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in

part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations, as amended.

1.10 "System" means the wastewater treatment facility owned by the Local Government, 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.

1.11 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

## ARTICLE II

### The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Bond Purchase Agreement and the Local Act, the Local Government 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 Local Government 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 Local Government, 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 DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP 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 System and the administration of the Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form)

on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

## ARTICLE III

### Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Bond Purchase Agreement;

(c) The Local Government shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

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

otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, 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 purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government 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 Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase Agreement by the Authority or such later date as is agreed to in writing by DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local

Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

## ARTICLE IV

### Local Bonds; Security for Local Bonds; Repayment of Local Bonds; Interest on Local Bonds; Fees and Charges

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to purchase the Local Bonds, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or

otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided, that if the Local Government has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 and DEP within 30 days of adoption thereof;

(xiii) 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;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

4.2 The Local Bonds shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to purchase the Local Bonds shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to purchase the Local Bonds.

## ARTICLE V

### Certain Covenants of the Local Government; Imposition and Collection of User Charges; Payments To Be Made by Local Government to the Authority

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

## ARTICLE VI

### Other Agreements of the Local Government

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

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Local Bonds.

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties,

obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

## ARTICLE VII

## Miscellaneous

7.1 Schedules X and Y shall be attached to this Bond Purchase Agreement by the Authority as soon as practicable after the Date of Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

7.4 No waiver by any party of any term or condition of this Bond Purchase Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach,

whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Bond Purchase Agreement.

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

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

TOWN OF FRANKLIN
[Name of Local Government]

(SEAL)

By: Genevieve Glover - Genevieve Glover
Its: Mayor
Date: January 29, 2003

Attest:

Patricia B. Godfrey - Patricia B. Godfrey
Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER RESOURCES

By: Allyn S. Turner by WSB
Its: Director
Date: January 31, 2003

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyonkovsky
Its: Director
Date: January 27, 2003

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

000832/00372
06/06/02

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

**Name of Local Government** _____
**Name of Bond Issue(s)** _____
**Type of Project** _____ **Water** _____ **Wastewater**
**Fiscal Year** _____ **Report Month** _____

| Item | Current Month | Total Year To Date | Budget Year To Date | Budget Year To Date Minus Total Year To Date |
|---|---|---|---|---|
| 1. Gross Revenues | _____ | _____ | _____ | _____ |
| 2. Operating Expenses | _____ | _____ | _____ | _____ |
| 3. Bond Payments: | | | | |
| Type of Issue | | | | |
| Clean Water SRF | _____ | _____ | _____ | _____ |
| Drinking Water TRF | _____ | _____ | _____ | _____ |
| Infrastructure Fund | _____ | _____ | _____ | _____ |
| Water Development Authority | _____ | _____ | _____ | _____ |
| Rural Utilities Service | _____ | _____ | _____ | _____ |
| Economic Development Administration | _____ | _____ | _____ | _____ |
| Other (Identify) | | | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| 4. Renewal and Replacement Fund Deposits | _____ | _____ | _____ | _____ |

_____
**Name of Person Completing Form**

_____
**Address**

_____
**Telephone**

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 — Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 — Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Government according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 — Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

**The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.**

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing

set forth in Schedule A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____

By _____

West Virginia License No. __

[SEAL]

---

[1]If 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".

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

EXHIBIT E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, ground breaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT F

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Local Government] on [Date].

Sinking Fund:

| | |
|---|---|
| Interest | $____ |
| Principal | $____ |
| Total: | $____ |
| Reserve Account: | $____ |

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending ____ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

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

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

| | |
|---|---|
| Principal Amount of Local Bonds | $1,332,645 |
| Purchase Price of Local Bonds | $1,332,645 |

The Local Bonds shall bear no interest. Commencing September 1, 2004, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government:

Sewer Revenue Bonds, Series 1987 A, dated June 8, 1987, in the original principal amount of $220,741.

# TOWN OF FRANKLIN

Loan of $1,332,645
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 11, 2003

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 3/01/2003 | - | - | - |
| 6/01/2003 | - | - | - |
| 9/01/2003 | - | - | - |
| 12/01/2003 | - | - | - |
| 3/01/2004 | - | - | - |
| 6/01/2004 | - | - | - |
| 9/01/2004 | 11,106.00 | - | 11,106.00 |
| 12/01/2004 | 11,106.00 | - | 11,106.00 |
| 3/01/2005 | 11,106.00 | - | 11,106.00 |
| 6/01/2005 | 11,106.00 | - | 11,106.00 |
| 9/01/2005 | 11,106.00 | - | 11,106.00 |
| 12/01/2005 | 11,106.00 | - | 11,106.00 |
| 3/01/2006 | 11,106.00 | - | 11,106.00 |
| 6/01/2006 | 11,106.00 | - | 11,106.00 |
| 9/01/2006 | 11,106.00 | - | 11,106.00 |
| 12/01/2006 | 11,106.00 | - | 11,106.00 |
| 3/01/2007 | 11,106.00 | - | 11,106.00 |
| 6/01/2007 | 11,106.00 | - | 11,106.00 |
| 9/01/2007 | 11,106.00 | - | 11,106.00 |
| 12/01/2007 | 11,106.00 | - | 11,106.00 |
| 3/01/2008 | 11,106.00 | - | 11,106.00 |
| 6/01/2008 | 11,106.00 | - | 11,106.00 |
| 9/01/2008 | 11,106.00 | - | 11,106.00 |
| 12/01/2008 | 11,106.00 | - | 11,106.00 |
| 3/01/2009 | 11,106.00 | - | 11,106.00 |
| 6/01/2009 | 11,106.00 | - | 11,106.00 |
| 9/01/2009 | 11,106.00 | - | 11,106.00 |
| 12/01/2009 | 11,106.00 | - | 11,106.00 |
| 3/01/2010 | 11,106.00 | - | 11,106.00 |
| 6/01/2010 | 11,106.00 | - | 11,106.00 |
| 9/01/2010 | 11,106.00 | - | 11,106.00 |
| 12/01/2010 | 11,106.00 | - | 11,106.00 |
| 3/01/2011 | 11,106.00 | - | 11,106.00 |
| 6/01/2011 | 11,106.00 | - | 11,106.00 |
| 9/01/2011 | 11,106.00 | - | 11,106.00 |
| 12/01/2011 | 11,106.00 | - | 11,106.00 |
| 3/01/2012 | 11,106.00 | - | 11,106.00 |
| 6/01/2012 | 11,106.00 | - | 11,106.00 |
| 9/01/2012 | 11,106.00 | - | 11,106.00 |
| 12/01/2012 | 11,106.00 | - | 11,106.00 |
| 3/01/2013 | 11,106.00 | - | 11,106.00 |
| 6/01/2013 | 11,106.00 | - | 11,106.00 |
| 9/01/2013 | 11,106.00 | - | 11,106.00 |
| 12/01/2013 | 11,106.00 | - | 11,106.00 |
| 3/01/2014 | 11,106.00 | - | 11,106.00 |
| 6/01/2014 | 11,106.00 | - | 11,106.00 |
| 9/01/2014 | 11,106.00 | - | 11,106.00 |

# TOWN OF FRANKLIN

Loan of $1,332,645
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 11, 2003

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 12/01/2014 | 11,106.00 | - | 11,106.00 |
| 3/01/2015 | 11,106.00 | - | 11,106.00 |
| 6/01/2015 | 11,106.00 | - | 11,106.00 |
| 9/01/2015 | 11,106.00 | - | 11,106.00 |
| 12/01/2015 | 11,105.00 | - | 11,105.00 |
| 3/01/2016 | 11,105.00 | - | 11,105.00 |
| 6/01/2016 | 11,105.00 | - | 11,105.00 |
| 9/01/2016 | 11,105.00 | - | 11,105.00 |
| 12/01/2016 | 11,105.00 | - | 11,105.00 |
| 3/01/2017 | 11,105.00 | - | 11,105.00 |
| 6/01/2017 | 11,105.00 | - | 11,105.00 |
| 9/01/2017 | 11,105.00 | - | 11,105.00 |
| 12/01/2017 | 11,105.00 | - | 11,105.00 |
| 3/01/2018 | 11,105.00 | - | 11,105.00 |
| 6/01/2018 | 11,105.00 | - | 11,105.00 |
| 9/01/2018 | 11,105.00 | - | 11,105.00 |
| 12/01/2018 | 11,105.00 | - | 11,105.00 |
| 3/01/2019 | 11,105.00 | - | 11,105.00 |
| 6/01/2019 | 11,105.00 | - | 11,105.00 |
| 9/01/2019 | 11,105.00 | - | 11,105.00 |
| 12/01/2019 | 11,105.00 | - | 11,105.00 |
| 3/01/2020 | 11,105.00 | - | 11,105.00 |
| 6/01/2020 | 11,105.00 | - | 11,105.00 |
| 9/01/2020 | 11,105.00 | - | 11,105.00 |
| 12/01/2020 | 11,105.00 | - | 11,105.00 |
| 3/01/2021 | 11,105.00 | - | 11,105.00 |
| 6/01/2021 | 11,105.00 | - | 11,105.00 |
| 9/01/2021 | 11,105.00 | - | 11,105.00 |
| 12/01/2021 | 11,105.00 | - | 11,105.00 |
| 3/01/2022 | 11,105.00 | - | 11,105.00 |
| 6/01/2022 | 11,105.00 | - | 11,105.00 |
| 9/01/2022 | 11,105.00 | - | 11,105.00 |
| 12/01/2022 | 11,105.00 | - | 11,105.00 |
| 3/01/2023 | 11,105.00 | - | 11,105.00 |
| 6/01/2023 | 11,105.00 | - | 11,105.00 |
| 9/01/2023 | 11,105.00 | - | 11,105.00 |
| 12/01/2023 | 11,105.00 | - | 11,105.00 |
| 3/01/2024 | 11,105.00 | - | 11,105.00 |
| 6/01/2024 | 11,105.00 | - | 11,105.00 |
| 9/01/2024 | 11,105.00 | - | 11,105.00 |
| 12/01/2024 | 11,105.00 | - | 11,105.00 |
| 3/01/2025 | 11,105.00 | - | 11,105.00 |
| 6/01/2025 | 11,105.00 | - | 11,105.00 |
| 9/01/2025 | 11,105.00 | - | 11,105.00 |
| 12/01/2025 | 11,105.00 | - | 11,105.00 |
| 3/01/2026 | 11,105.00 | - | 11,105.00 |
| 6/01/2026 | 11,105.00 | - | 11,105.00 |

# TOWN OF FRANKLIN

Loan of $1,332,645
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 11, 2003

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 9/01/2026 | 11,105.00 | - | 11,105.00 |
| 12/01/2026 | 11,105.00 | - | 11,105.00 |
| 3/01/2027 | 11,105.00 | - | 11,105.00 |
| 6/01/2027 | 11,105.00 | - | 11,105.00 |
| 9/01/2027 | 11,105.00 | - | 11,105.00 |
| 12/01/2027 | 11,105.00 | - | 11,105.00 |
| 3/01/2028 | 11,105.00 | - | 11,105.00 |
| 6/01/2028 | 11,105.00 | - | 11,105.00 |
| 9/01/2028 | 11,105.00 | - | 11,105.00 |
| 12/01/2028 | 11,105.00 | - | 11,105.00 |
| 3/01/2029 | 11,105.00 | - | 11,105.00 |
| 6/01/2029 | 11,105.00 | - | 11,105.00 |
| 9/01/2029 | 11,105.00 | - | 11,105.00 |
| 12/01/2029 | 11,105.00 | - | 11,105.00 |
| 3/01/2030 | 11,105.00 | - | 11,105.00 |
| 6/01/2030 | 11,105.00 | - | 11,105.00 |
| 9/01/2030 | 11,105.00 | - | 11,105.00 |
| 12/01/2030 | 11,105.00 | - | 11,105.00 |
| 3/01/2031 | 11,105.00 | - | 11,105.00 |
| 6/01/2031 | 11,105.00 | - | 11,105.00 |
| 9/01/2031 | 11,105.00 | - | 11,105.00 |
| 12/01/2031 | 11,105.00 | - | 11,105.00 |
| 3/01/2032 | 11,105.00 | - | 11,105.00 |
| 6/01/2032 | 11,105.00 | - | 11,105.00 |
| 9/01/2032 | 11,105.00 | - | 11,105.00 |
| 12/01/2032 | 11,105.00 | - | 11,105.00 |
| 3/01/2033 | 11,105.00 | - | 11,105.00 |
| 6/01/2033 | 11,105.00 | - | 11,105.00 |
| 9/01/2033 | 11,105.00 | - | 11,105.00 |
| 12/01/2033 | 11,105.00 | - | 11,105.00 |
| 3/01/2034 | 11,105.00 | - | 11,105.00 |
| 6/01/2034 | 11,105.00 | - | 11,105.00 |
| **Total** | **1,332,645.00** | **-** | **1,332,645.00 *** |

***Plus $839.83 one-half percent administrative fee paid quarterly. Total fee over life of loan is $100,779.60**

# PUBLIC SERVICE COMMISSION
# OF WEST VIRGINIA
# CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 5th day of April, 2002.

CASE NO. 02-0065-S-CN
TOWN OF FRANKLIN SEWER SYSTEM
P. O. Box 483, Franklin, WV 25807-0483
Application for a Certificate of Convenience and Necessity to construct and replace sewer lines and make improvements at the wastewater plant.

## COMMISSION ORDER

This is before the Commission on the Town of Franklin Sewer System's (Town) application for a certificate of convenience and necessity to construct and replace sewer lines and make improvements at the wastewater treatment plant in Franklin, Pendleton County. For the reasons set forth below, the Commission will grant a certificate of convenience and necessity subject to certain conditions.

## BACKGROUND

On December 10, 2001, the Town notified the Commission of its intent to submit an application for a certificate of convenience and necessity.

On January 18, 2002, the Town filed an application for a certificate of convenience and necessity to construct and replace sewer lines and make improvements at the wastewater treatment plant in Franklin, Pendleton County. The construction will be handled under two separate contracts. One contract is for the collection system upgrades. The other contract is for the treatment plant upgrades.

The collection system upgrades include replacing 670 linear feet (LF) of 10" gravity sewer main; replacing 295 LF of 8" gravity sewer main; and replacing 390 LF of 6" gravity sewer main. The collection system upgrade will include construction of 310 LF of 12" gravity sewer main; construction of 100 LF of 10" sewer main; and construction of 2,545 LF of 8" gravity sewer main. Also included in the first contract are eighteen (18) manholes, five (5) straddle manholes, thirty-five (35) LF of 48" riser, twelve (12) drop manhole connections, replacing three (3) existing manholes, connecting into six (6) existing manholes, abandoning

one (1) existing manhole, 1,850 LF of 4" gravity service line, six (6) cleanouts, the reconnecting of fifty-five (55) existing customers, 120 LF of 16" steel casing, 320 LF of 15" storm sewer, one hundred (100) existing utility repairs, several feet of road, trench and driveway repairs and other miscellaneous items and appurtenances.

The second contract consists of renovating the treatment plant by replacing the headworks system, including reinforced concrete structure, velocity-controlled grit chamber and self-cleaning bar screen. The second contract also includes 2,350 cubic yards of pond cleaning and waste disposal; demolition and removal of the existing in-pond aeration system; and construction of a new aeration system in both existing ponds, including the submerged air lines, submerged diffusers and all necessary connections to the existing air header system and three (3) new blower packages with tie-ins to existing air headers and electrical system.

The total cost of the project is estimated to be $1,207,500.00 and is to be funded as follows:

| | |
|---|---|
| State Revolving Fund | $1,187,500.00 |
| Town of Franklin | $ 20,000.00 |

The Town will charge the following sewer rates for its customers: No bill will be rendered for less than $10.60 per month for the first 1,000 gallons of usage and $5.30 per 1,000 gallons for any usage over 1,000 gallons per month. The Town will charge a 10% penalty on all billings not paid within twenty (20) days of the billing date and a $200.00 tap fee for each new connection. The Town anticipates additional revenue of approximately $84,403.00 annually based on the rates and charges set forth above.

In support of its application, the Town stated that the certificate should be issued in order to improve the efficiency of the collection system by eliminating areas of inflow and infiltration and to expand capacity at the wastewater treatment plant by making improvements and taking out accumulated sludge.

On January 18, 2002, the Commission entered an order directing the Town to publish a Notice of Filing. On January 23, 2002, the Commission entered an order directing the Town to publish an Amended Notice of Filing. The notice directed anyone desiring to protest or intervene to file a written protest or notice of intervention within thirty (30) days following the date of the publication.

On February 11, 2002, Staff filed its Initial and Final Joint Staff Memorandum. Staff recommended that the certificate be granted upon the Town's filing of an affidavit of publication.



Public Service Commission
of West Virginia
Charleston

On February 19, 2002, the Town filed an affidavit of publication indicating the Amended Notice of Filing was published on January 31, 2002, in The Pendleton Times, a newspaper published in Franklin, Pendleton County, West Virginia.

Along with the affidavit of publication, the Town submitted a letter indicating that there were incorrect statements contained in the Final Internal Memorandum from Staff. The Town requested the issuance of a revised memorandum.

On March 8, 2002, Staff submitted a Further Final Joint Staff Memorandum. Staff noted that the Town of Franklin operates a sanitary sewer collection treatment system primarily serving residents located within the city limits. The Town's system consists of a gravity and force main collection system that flows to the Town's aerated lagoon treatment plant. The treated effluent is discharged into the South Branch of the Potomac River. Staff noted that the collection system has severe inflow and infiltration problems, which along with various problems with the plant cause the town to violate its NPDES permit limits. The Town's treatment facility serves approximately 362 residential customers, 82 commercial customers and 1 industrial customer.

Staff noted that the project was to be partially funded with a loan from the State Revolving Fund in the amount of $1,187,500.00. It is a zero percent (0%) interest loan with repayment over a period of thirty (30) years with an annual administrative fee of one half percent (.5%) for the term of the loan. Annual loan payments will be $42,725.00. Staff further noted that the Town previously passed an ordinance to increase its rates as set out above. The rate increase will produce approximately $84,403.00 in additional operating revenues annually. Staff stated that the additional revenues would be sufficient to cover the Town's debt service requirement.

Staff concluded that the project showed necessity because of the need to eliminate the continued violation of the Town's NPDES Permit and discharge of untreated sewage into the Potomac River; the project will allow the Town's sanitary sewer system to handle flows from future growth; the plans and specifications are in general conformance with the Commission's Rules and Regulations; and, the project does not financially burden the customers.

Based on the above, Staff recommended that the Commission: 1) grant the certificate of convenience and necessity to the Town; 2) approve the loan from the State Revolving Fund in the amount of $1,187,500.00 and note that the Town must seek Commission approval of any additional funding that may be required; 3) require the Town to file a petition to reopen the case if there is any change in the plans, scope or terms of financing; and, 4) require the Town to notify the Commission when the Engineer has performed the substantial completion inspection.

As of the date of this order, no protests to the Town's application have been filed.

## DISCUSSION

W.Va. Code § 24-2-11 provides, in pertinent part as follows:

> (a) No public utility . . . shall begin the construction of any plant, equipment, property or facility for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction . . . . Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty days after the notice is given, may waive formal hearing on the application.

Furthermore, in considering a certificate application, the Commission must assess whether the general public convenience will be served and assess the public necessity for the project. Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

Upon review, the Commission concludes that the project is needed given the Town's severe inflow and infiltration problems and the need to prevent the Town from continuously violating its NPDES Permit and discharging untreated sewage into the Potomac River. The Commission concludes that the general public convenience will be served by this project in that the Town is not placing a heavy financial burden on its customers.

The Commission concludes that it is appropriate to waive a hearing in this matter since notice of the project was properly published and the protest period expired without any protest being filed.

The Commission shall grant the certificate.

## FINDINGS OF FACT

1. On January 18, 2002, the Town filed an application for a certificate of convenience and necessity to construct and replace sewer lines and make improvements at the wastewater treatment plant in Franklin, Pendleton County. The total cost of the project is estimated to be $1,207,500.00 and will be funded as specifically described above. The Town stated that the certificate should be issued in order to improve the efficiency of the collection system by eliminating areas of inflow and infiltration and to expand capacity at the wastewater treatment plant by making improvements and taking out accumulated sludge.

The Town notified the Commission of its intent to submit an application for the certificate of convenience and necessity on December 10, 2001.

2. Staff stated that the project is needed to eliminate the continued violation of the Town's NPDES Permit and discharge of untreated sewage into the Potomac River. Staff noted that the project will allow the Town's sanitary sewer system to handle flows from future growth and the plans and specifications are in general conformance with the Commission's Rules and Regulations. Staff also found that the project does not financially burden the customers.

3. Staff recommended that the Commission: 1) grant the certificate of convenience and necessity; 2) approve the loan from the State Revolving Fund in the amount of $1,187,500.00 and note that the Town must seek Commission approval of any additional funding that may be required; 3) require the Town to file a petition to reopen the case if there is any change in the plans, scope or terms of financing; and, 4) require the Town to notify the Commission when the Engineer has performed the substantial completion inspection.

4. The Town properly published notice of the project. (affidavit of publication filed February 19, 2002.)

5. The protest period expired without any protests being filed.

## CONCLUSIONS OF LAW

1. The Town's project more specifically described above is needed and will serve the general public convenience. Therefore, pursuant to W.Va. Code § 24-2-11 and Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992), a certificate of convenience and necessity will be granted as recommended by Staff.

2. It is appropriate to waive a hearing in this matter since notice of the project was properly published and the protest period expired without any protest being filed.

3. The Commission concludes that it is reasonable to approve the financing for the project more specifically described above.

4. The Commission will direct the Town to request a reopening of this case should there be any changes in the plans, scope and terms of the financing of the project.

5. The Commission shall direct the Town to notify the Commission when the Engineer has performed the substantial completion inspection.

## ORDER

IT IS, THEREFORE, ORDERED that the Town of Franklin Sewer System's application for a certificate of convenience and necessity to construct and replace sewer lines and make improvements at the wastewater treatment plant in the Town of Franklin is granted.

IT IS FURTHER ORDERED that the financing of the project is approved as follows:

| | |
|---|---|
| State Revolving Fund | $1,187,500.00 |
| Town of Franklin | $ 20,000.00 |

IT IS FURTHER ORDERED that the Town of Franklin Sewer System request a reopening of this case should there be any changes to the plans, scope and terms of financing of this project.

IT IS FURTHER ORDERED that if additional funding in excess of the State Revolving Fund loan is required, the Town shall file a petition seeking approval from the Commission.

IT IS FURTHER ORDERED that the Town shall notify the Commission when the Engineer has performed substantial completion inspection.

IT IS FURTHER ORDERED that upon entry hereof, this proceeding shall be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

JMH/sek
020065c.wpd

**A True Copy, Teste:**

Sandra Squire

**Sandra Squire**
**Executive Secretary**

**PUBLIC SERVICE COMMISSION**
**OF WEST VIRGINIA**
**CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 7th day of February, 2003.

CASE NO. 02-0065-S-CN (REOPENED)

TOWN OF FRANKLIN SEWER SYSTEM
P.O. Box 483, Franklin, WV 25807-0483

Petition for reconsideration of the Commission's January 22, 2003, Order to revise project costs.

## COMMISSION ORDER

On February 5, 2003, the Commission issued an order granting the Town of Franklin Sewer System's (Utility) request for modification for the revised funding totaling $1,332,645, while not approving any increase in the total project costs. The Commission granted the request because the revised funding was in the form of a reduction in the amount of the Utility's contribution and an increase in the amount of the loan amount. The Commission noted that the total project costs remained the same as previously approved.

On February 6, 2003, the Utility filed a letter stating that it incorrectly stated the total project costs and the total amount of borrowing from the West Virginia Department of Environmental Protection (DEP). The Utility now states that the total project costs and the total amount of borrowing have increased. The Utility provided the following corrected information regarding funding for the project:

| | |
|---|---|
| State Revolving Fund loan, 0% interest, 30 year term, 0.5% administrative fee | $1,332,645 |
| Franklin's contribution | 5,000 |
| Total | $1,337,645 |

The total project costs as contained in the Utility's February 6, 2003, filing reflect an increase of $5,000 to $1,337,645 from the $1,332,645 project cost reflected in the Commission's January 22, 2003, Order. The Utility states there will not be any increase in rates as a result of this increased loan amount. The Utility again requests expedited treatment no later than February 10, 2003, as bids will expire by February 15, 2003.

On February 7, 2003, Commission Staff (Staff) filed its Second Further Final Memorandum in this case stating that the correct total project cost is $1,337,645 to be funded by a loan in the amount of $1,332,645. Staff stated that funding the Utility's contribution and the loan amount will not require a rate increase. Staff recommends approval and that the Utility should seek further Commission approval if there are additional changes to the project's scope, plans or financing.

## DISCUSSION

The Commission finds that the February 5, 2003, Commission Order in this case should be rescinded. The Commission further finds that the corrected February 6, 2003, request for modification should be granted since the increase in the project cost and loan amount will not lead to a modification of the Utility's current rates.

The Commission also finds that since the closing is scheduled for February 11, 2003, and the project's bids expire on February 15, 2003, it is reasonable and appropriate to expedite this matter.

## FINDINGS OF FACT

1. On February 5, 2003, the Commission issued an order granting Utility's request for modification for the revised funding totaling $1,332,645, while not approving any



Public Service Commission
of West Virginia
Charleston

increase in the total project costs. The Commission noted that the total project costs remain the same as previously approved.

2. On February 6, 2003, the Utility filed a letter stating that it incorrectly stated the total project costs and the total amount of borrowing from the DEP. The Utility now states that the total project costs have increased by $5,000 to $1,337,645 from the $1,332,645 amount approved in the Commission's January 22, 2003, Order.

3. On February 7, 2003, Staff filed its Further Final Memorandum in this case stating that the correct total project costs include a loan amount of $1,332,645 and the Utility's contribution of $5,000 for a total of $1,337,645. Staff states that the increased total projects costs and loan amount will not necessitate an increase in current rates.

4. The Utility further requests expedited treatment by February 10, 2003, in order to facilitate its February 11, 2003, closing and the expiration of its bids on February 15, 2003.

## CONCLUSION OF LAW

It is reasonable and appropriate to approve this revised funding in an expedited manner.

## ORDER

IT IS THEREFORE ORDERED that the Commission's February 5, 2003, Order in this case is hereby rescinded.

IT IS FURTHER ORDERED that the corrected February 6, 2003, request for modification is granted.

IT IS FURTHER ORDERED that the following revised funding of the total project cost is approved for this project:

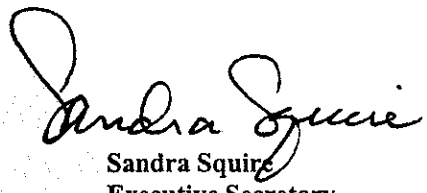
| | |
|---|---|
| State Revolving Fund loan, 0% interest, 30 year term, 0.5% administrative fee | $1,332,645 |
| Franklin's contribution | 5,000 |
| Total | $1,337,645 |

IT IS FURTHER ORDERED that if there are further changes to the project's scope, plans or financing, the Utility must seek the Commission's approval prior to construction or continuation of construction.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

**A True Copy, Teste:**



**Sandra Squire**
**Executive Secretary**

AKB/ljm
020065cc.wpd

# West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Dwight Calhoun
Petersburg
William J. Harman
Grafton

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, P.E.
Executive Secretary

October 6, 1999

Randy Watson
Thrasher Engineering, Inc.
P. O. Box 1532
Clarksburg, WV 26302-1532

Re: Town of Franklin 99S-493
Sewer System Upgrade and Extension Project

Dear Mr. Watson:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Franklin's (Town) preliminary application regarding the Town's proposed project to upgrade its wastewater treatment plant and collection system and extension to 50 new customers (Project). Based on the findings of the Sewer Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Sewer Technical Review Committee. The Town may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the Town should utilize $20,000 from the Town of Franklin and pursue a Clean Water State Revolving Fund loan in the amount of $2,526,575 to finance the Project. Please contact the Division of Environmental Protection at 558-0641 for specific information on the steps the Town needs to follow to apply for this loan. **Please note that this letter <u>does not</u> constitute funding approval from the DEP's Clean Water State Revolving Fund.**

If you have any questions regarding this matter, please contact Katy Mallory at the above telephone number.

Sincerely,

James D. Williams

JDW/km
Enclosure
cc: Mike Johnson, P.E. (w/o enc.)

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 11th day of February, 2003, 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 Franklin (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), of the Issuer, in the principal amount of $1,332,645, numbered R-1, issued as a single, fully registered Bond, and dated February 11, 2003 (the "Series 2003 Bonds").

2. At the time of such receipt, the Series 2003 Bonds 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 Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2003 Bonds, of the sum of $211,263, being a portion of the principal amount of the Series 2003 Bonds. The balance of the principal amount of the Series 2003 Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows

Authorized Representative

THE TOWN OF FRANKLIN

Genevieve Glover

Mayor

01/28/03
307110.00001

CH573548.2

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: $211,263.00

WARRANT #: 1-0576570
DATE: 02/10/03

| TRANACTION ID | INVOICE NUMBER | & | PAYEE REFERENCE | PURCHASE ORDER | AMOUNT |
|---|---|---|---|---|---|
| I005734498 | 1, C544289 | | | | $211,263.00 |

If you have questions concerning the above, please call 304-759-0507.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL# 11616794

THIS WARRANT HAS MULTIPLE SECURITY FEATURES TO DETER FRAUD AND COUNTERFEITING
VOID UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

# State of West Virginia

Important remittance information on top panel
Remitter: ENVIRONMENTAL PROTECTION
Questions? Contact: MARK DOYLE at 304-759-0507

STATE WARRANT # 1-0576570

FEBRUARY 10, 2003

PAYEE TOWN OF FRANKLIN

**********$211,263.00**

1-0576570

WEST VIRGINIA TREASURY

STATE TREASURER

Glen B Gainer III
AUDITOR

⑈10576570⑈ ⑆051902322⑆ 527053782 2⑈

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 11th day of February, 2003, there are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of The Town of Franklin Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), in the principal amount of $1,332,645 dated February 11, 2003 (the "Bonds"), executed by the Mayor and the Recorder of The Town of Franklin (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on January 7, 2003, and a Supplemental Resolution duly adopted by the Issuer on February 4, 2003 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bonds, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the bond purchase agreement for the Series 2003 Bonds, dated January 27, 2003, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $211,263, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE TOWN OF FRANKLIN

Genevieve Glover

Mayor

01/28/03
307110.00001

CH573554.2

**SPECIMEN**

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF FRANKLIN
SEWER REVENUE BOND, SERIES 2003
(WEST VIRGINIA SRF PROGRAM)

No. R -1 $1,332,645

KNOW ALL MEN BY THESE PRESENTS: That on this, the 11th day of February, 2003, THE TOWN OF FRANKLIN, a municipal corporation and political subdivision of the State of West Virginia in Pendleton 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 MILLION THREE HUNDRED THIRTY-TWO THOUSAND SIX HUNDRED FORTY-FIVE DOLLARS ($1,332,645), 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, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2004, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated January 27, 2003.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system

of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 7, 2003, and a Supplemental Resolution duly adopted by the Issuer on February 4, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 A, DATED JUNE 8, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,741 (THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1987 B, DATED JUNE 8, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $52,655 (THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favors of the Holders of the Second Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2003 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 Bonds Reserve Account an amount at least equal to the maximum amount of

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

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

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

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

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

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

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

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

SPECIMEN

CH577607.1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: February 11, 2003.

HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ 211,263 | February 11, 2003 | (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 $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

# TOWN OF FRANKLIN

Loan of $1,332,645
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 11, 2003

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 3/01/2003 | - | - | - |
| 6/01/2003 | - | - | - |
| 9/01/2003 | - | - | - |
| 12/01/2003 | - | - | - |
| 3/01/2004 | - | - | - |
| 6/01/2004 | - | - | - |
| 9/01/2004 | 11,106.00 | - | 11,106.00 |
| 12/01/2004 | 11,106.00 | - | 11,106.00 |
| 3/01/2005 | 11,106.00 | - | 11,106.00 |
| 6/01/2005 | 11,106.00 | - | 11,106.00 |
| 9/01/2005 | 11,106.00 | - | 11,106.00 |
| 12/01/2005 | 11,106.00 | - | 11,106.00 |
| 3/01/2006 | 11,106.00 | - | 11,106.00 |
| 6/01/2006 | 11,106.00 | - | 11,106.00 |
| 9/01/2006 | 11,106.00 | - | 11,106.00 |
| 12/01/2006 | 11,106.00 | - | 11,106.00 |
| 3/01/2007 | 11,106.00 | - | 11,106.00 |
| 6/01/2007 | 11,106.00 | - | 11,106.00 |
| 9/01/2007 | 11,106.00 | - | 11,106.00 |
| 12/01/2007 | 11,106.00 | - | 11,106.00 |
| 3/01/2008 | 11,106.00 | - | 11,106.00 |
| 6/01/2008 | 11,106.00 | - | 11,106.00 |
| 9/01/2008 | 11,106.00 | - | 11,106.00 |
| 12/01/2008 | 11,106.00 | - | 11,106.00 |
| 3/01/2009 | 11,106.00 | - | 11,106.00 |
| 6/01/2009 | 11,106.00 | - | 11,106.00 |
| 9/01/2009 | 11,106.00 | - | 11,106.00 |
| 12/01/2009 | 11,106.00 | - | 11,106.00 |
| 3/01/2010 | 11,106.00 | - | 11,106.00 |
| 6/01/2010 | 11,106.00 | - | 11,106.00 |
| 9/01/2010 | 11,106.00 | - | 11,106.00 |
| 12/01/2010 | 11,106.00 | - | 11,106.00 |
| 3/01/2011 | 11,106.00 | - | 11,106.00 |
| 6/01/2011 | 11,106.00 | - | 11,106.00 |
| 9/01/2011 | 11,106.00 | - | 11,106.00 |
| 12/01/2011 | 11,106.00 | - | 11,106.00 |
| 3/01/2012 | 11,106.00 | - | 11,106.00 |
| 6/01/2012 | 11,106.00 | - | 11,106.00 |
| 9/01/2012 | 11,106.00 | - | 11,106.00 |
| 12/01/2012 | 11,106.00 | - | 11,106.00 |
| 3/01/2013 | 11,106.00 | - | 11,106.00 |
| 6/01/2013 | 11,106.00 | - | 11,106.00 |
| 9/01/2013 | 11,106.00 | - | 11,106.00 |
| 12/01/2013 | 11,106.00 | - | 11,106.00 |
| 3/01/2014 | 11,106.00 | - | 11,106.00 |
| 6/01/2014 | 11,106.00 | - | 11,106.00 |
| 9/01/2014 | 11,106.00 | - | 11,106.00 |

# TOWN OF FRANKLIN

Loan of $1,332,645
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 11, 2003

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 12/01/2014 | 11,106.00 | - | 11,106.00 |
| 3/01/2015 | 11,106.00 | - | 11,106.00 |
| 6/01/2015 | 11,106.00 | - | 11,106.00 |
| 9/01/2015 | 11,106.00 | - | 11,106.00 |
| 12/01/2015 | 11,105.00 | - | 11,105.00 |
| 3/01/2016 | 11,105.00 | - | 11,105.00 |
| 6/01/2016 | 11,105.00 | - | 11,105.00 |
| 9/01/2016 | 11,105.00 | - | 11,105.00 |
| 12/01/2016 | 11,105.00 | - | 11,105.00 |
| 3/01/2017 | 11,105.00 | - | 11,105.00 |
| 6/01/2017 | 11,105.00 | - | 11,105.00 |
| 9/01/2017 | 11,105.00 | - | 11,105.00 |
| 12/01/2017 | 11,105.00 | - | 11,105.00 |
| 3/01/2018 | 11,105.00 | - | 11,105.00 |
| 6/01/2018 | 11,105.00 | - | 11,105.00 |
| 9/01/2018 | 11,105.00 | - | 11,105.00 |
| 12/01/2018 | 11,105.00 | - | 11,105.00 |
| 3/01/2019 | 11,105.00 | - | 11,105.00 |
| 6/01/2019 | 11,105.00 | - | 11,105.00 |
| 9/01/2019 | 11,105.00 | - | 11,105.00 |
| 12/01/2019 | 11,105.00 | - | 11,105.00 |
| 3/01/2020 | 11,105.00 | - | 11,105.00 |
| 6/01/2020 | 11,105.00 | - | 11,105.00 |
| 9/01/2020 | 11,105.00 | - | 11,105.00 |
| 12/01/2020 | 11,105.00 | - | 11,105.00 |
| 3/01/2021 | 11,105.00 | - | 11,105.00 |
| 6/01/2021 | 11,105.00 | - | 11,105.00 |
| 9/01/2021 | 11,105.00 | - | 11,105.00 |
| 12/01/2021 | 11,105.00 | - | 11,105.00 |
| 3/01/2022 | 11,105.00 | - | 11,105.00 |
| 6/01/2022 | 11,105.00 | - | 11,105.00 |
| 9/01/2022 | 11,105.00 | - | 11,105.00 |
| 12/01/2022 | 11,105.00 | - | 11,105.00 |
| 3/01/2023 | 11,105.00 | - | 11,105.00 |
| 6/01/2023 | 11,105.00 | - | 11,105.00 |
| 9/01/2023 | 11,105.00 | - | 11,105.00 |
| 12/01/2023 | 11,105.00 | - | 11,105.00 |
| 3/01/2024 | 11,105.00 | - | 11,105.00 |
| 6/01/2024 | 11,105.00 | - | 11,105.00 |
| 9/01/2024 | 11,105.00 | - | 11,105.00 |
| 12/01/2024 | 11,105.00 | - | 11,105.00 |
| 3/01/2025 | 11,105.00 | - | 11,105.00 |
| 6/01/2025 | 11,105.00 | - | 11,105.00 |
| 9/01/2025 | 11,105.00 | - | 11,105.00 |
| 12/01/2025 | 11,105.00 | - | 11,105.00 |
| 3/01/2026 | 11,105.00 | - | 11,105.00 |
| 6/01/2026 | 11,105.00 | - | 11,105.00 |

# TOWN OF FRANKLIN

Loan of $1,332,645
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 11, 2003

## DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Total P+I |
|---|---|---|---|
| 9/01/2026 | 11,105.00 | - | 11,105.00 |
| 12/01/2026 | 11,105.00 | - | 11,105.00 |
| 3/01/2027 | 11,105.00 | - | 11,105.00 |
| 6/01/2027 | 11,105.00 | - | 11,105.00 |
| 9/01/2027 | 11,105.00 | - | 11,105.00 |
| 12/01/2027 | 11,105.00 | - | 11,105.00 |
| 3/01/2028 | 11,105.00 | - | 11,105.00 |
| 6/01/2028 | 11,105.00 | - | 11,105.00 |
| 9/01/2028 | 11,105.00 | - | 11,105.00 |
| 12/01/2028 | 11,105.00 | - | 11,105.00 |
| 3/01/2029 | 11,105.00 | - | 11,105.00 |
| 6/01/2029 | 11,105.00 | - | 11,105.00 |
| 9/01/2029 | 11,105.00 | - | 11,105.00 |
| 12/01/2029 | 11,105.00 | - | 11,105.00 |
| 3/01/2030 | 11,105.00 | - | 11,105.00 |
| 6/01/2030 | 11,105.00 | - | 11,105.00 |
| 9/01/2030 | 11,105.00 | - | 11,105.00 |
| 12/01/2030 | 11,105.00 | - | 11,105.00 |
| 3/01/2031 | 11,105.00 | - | 11,105.00 |
| 6/01/2031 | 11,105.00 | - | 11,105.00 |
| 9/01/2031 | 11,105.00 | - | 11,105.00 |
| 12/01/2031 | 11,105.00 | - | 11,105.00 |
| 3/01/2032 | 11,105.00 | - | 11,105.00 |
| 6/01/2032 | 11,105.00 | - | 11,105.00 |
| 9/01/2032 | 11,105.00 | - | 11,105.00 |
| 12/01/2032 | 11,105.00 | - | 11,105.00 |
| 3/01/2033 | 11,105.00 | - | 11,105.00 |
| 6/01/2033 | 11,105.00 | - | 11,105.00 |
| 9/01/2033 | 11,105.00 | - | 11,105.00 |
| 12/01/2033 | 11,105.00 | - | 11,105.00 |
| 3/01/2034 | 11,105.00 | - | 11,105.00 |
| 6/01/2034 | 11,105.00 | - | 11,105.00 |
| **Total** | **1,332,645.00** | **-** | **1,332,645.00 *** |

***Plus $839.83 one-half percent administrative fee paid quarterly. Total fee over life of loan is $100,779.60**

ASSIGNMENT

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

Dated: _____.

SPECIMEN

_____

In the presence of:

_____

02/04/03
307110.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

February 11, 2003

The Town of Franklin
Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

The Town of Franklin
Franklin, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are bond counsel to The Town of Franklin (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia, in connection with the issuance of its Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated January 27, 2003, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $1,332,645, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2004, and maturing June 1, 2034, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Bonds as set forth in the Schedule Y attached to Loan Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"), and (ii) paying certain issuance and others costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), and the bond ordinance duly



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enacted by the Issuer on January 7, 2003, as supplemented by the supplemental resolution duly adopted by the Issuer on February 4, 2003 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Bonds 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 Ordinance and the Loan Agreement.

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

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

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

3. The Issuer is a duly organized and presently 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 adopt or enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the First Lien Bonds and senior and prior to the Second Lien Bonds, all in accordance with the terms of the Bonds and Ordinance.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

01/28/03
307110.00001

CH573558.2

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
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Charleston, WV 25326-1588
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Writer's Contact Information

February 11, 2003

The Town of Franklin
Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

The Town of Franklin
Franklin, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are bond counsel to The Town of Franklin (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia, in connection with the issuance of its Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated January 27, 2003, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $1,332,645, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2004, and maturing June 1, 2034, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Bonds as set forth in the Schedule Y attached to Loan Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"), and (ii) paying certain issuance and others costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), and the bond ordinance duly



TERRALEX
Member of the Worldwide Network of Independent Law Firms℠

enacted by the Issuer on January 7, 2003, as supplemented by the supplemental resolution duly adopted by the Issuer on February 4, 2003 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Bonds 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 Ordinance and the Loan Agreement.

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

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

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

3. The Issuer is a duly organized and presently 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 adopt or enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the First Lien Bonds and senior and prior to the Second Lien Bonds, all in accordance with the terms of the Bonds and Ordinance.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

01/28/03
307110.00001

CH573558.2

# SPONAUGLE & SPONAUGLE

ATTORNEYS AT LAW
P. O. BOX 578
223 CHESTNUT STREET
FRANKLIN, WEST VIRGINIA 26807-0578

GEORGE I. SPONAUGLE (1917-1995)
GEORGE I. SPONAUGLE II

E-mail: gsponaugle@sponauglelaw.com

TELEPHONE: 304-358-2337
TELECOPIER: 304-358-2483


February 11, 2003

The Town of Franklin
Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

The Town of Franklin
P. O. Box 483
Franklin, WV 26807

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Steptoe and Johnson
Attorneys At Law
Bank One Center, Seventh Floor
P. O. Box 1588
Charleston, WV 25326-8000

Ladies & Gentlemen:

I am counsel to The Town of Franklin in Pendleton County, West Virginia (the "Issuer'). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Bonds, dated January 27 2003, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on January 7, 2003, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 4, 2003 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted on November 4, 2002, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the Council of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities. The Sanitary Board has been duly created by the Issuer and is validly existing as a sanitary board under the Act.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Commission Orders entered on April 5, 2002 and February 7, 2003, in Case No. 02-0065-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Orders has expired prior to the date hereof without any appeal.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

7. To the best of my knowledge, there is no litigation, action, suit, proceeding or

investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

George I. Spanaugle, II, Esquire

# SPONAUGLE & SPONAUGLE

ATTORNEYS AT LAW
P. O. BOX 578
223 CHESTNUT STREET
FRANKLIN, WEST VIRGINIA 26807-0578

GEORGE L SPONAUGLE (1917-1995)
GEORGE L SPONAUGLE II

E-mail: gsponaugle@sponauglelaw.com

TELEPHONE: 304-358-2337
TELECOPIER: 304-358-2483


February 11, 2003

The Town of Franklin
Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

The Town of Franklin
P. O. Box 483
Franklin, WV 26807

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Steptoe and Johnson
Attorneys At Law
Bank One Center, Seventh Floor
P. O. Box 1588
Charleston, WV 25326-8000

Ladies & Gentlemen:

I am counsel to the Town of Franklin (the "Issuer"), in connection with a proposed project to construct a public sanitary sewer system (the "Project".) I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Pendleton County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired all legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed property is to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Pendleton County, West Virginia, to permit the issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for the acquisition of said properties, and our certification is subject to the following pending litigation:

| Name | Tax Map No. | Parcel No. |
|---|---|---|
| Estate of Genette McQuain | Tax Map No. 40 | Parcel No. 50 |

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Pendleton County to protect the legal title to and interest of the Issuer.

Very truly yours,

George I. Sponaugle II

GIS II/lbh

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of The Town of Franklin in Pendleton County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), dated February 11, 2003 (the "Bonds" or the "Series 2003 Bonds"), 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 Bond Ordinance of the Issuer duly enacted January 7, 2003, and the Supplemental Resolution duly adopted February 4, 2003 (collectively, the "Bond 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 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues or any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids 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.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1987 A, dated June 8, 1987, issued in the original aggregate principal amount of $220,741 (the "First Lien Bonds") and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1987 B, dated June 8, 1987, issued in the original aggregate principal amount of $52,655 (the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are hereinafter sometimes collectively referred to as the "Prior Bonds."

The Series 2003 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating

that the coverage and parity tests of the First Lien Bonds are met; and (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2003 Bonds on a parity with the First Lien Bonds and senior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances.

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:

Bond Ordinance

Supplemental Resolution

SRF Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board, Oaths of Office of Officers and Rules of Procedure

Petition of Sanitary Board

Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution

NPDES Permit

Series 1987 A and 1987 B Bond Ordinance

Consent of West Virginia Water Development Authority

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The Town of Franklin." The Issuer is a municipal corporation in Pendleton County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a Recorder and five (5) councilmembers, all duly elected or appointed, as applicable, qualified acting, and whose names and dates of commencement and termination of current terms of office are as follows:

| Name | | | Date of Commencement of Office | Date of Termination of Office |
|---|---|---|---|---|
| Genevieve Glover | - | Mayor | 07-01-02 | 06-30-04 |
| Patrick B. Godfrey | - | Recorder | 07-01-02 | 06-30-04 |
| Curtis R. Crigler | - | Council Member | 07-01-02 | 06-30-04 |
| Patricia M. Smith | - | Council Member | 07-01-02 | 06-30-04 |
| Nancy Scott | - | Council Member | 07-01-02 | 06-30-04 |
| Tim W. Long | - | Council Member | 07-01-02 | 06-30-04 |
| W. Robert Horan | - | Council Member | 07-01-02 | 06-30-04 |

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

| | | |
|---|---|---|
| Chairman | - | Genevieve Glover |
| Member | - | Bruce A. Minor |
| Member | - | Daniel Michael, P.E. |

The duly appointed and acting Counsel to the Issuer is George I. Sponaugle, II, Esquire, Franklin, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be

acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, 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 Bonds and the acquisition, construction and financing of the Project or the operation of 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, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect.

10. 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 dates 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.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on May 22, 2001, and an amendatory ordinance on February 5, 2002, setting rates and charges for the services of the System. The time for appeal of such ordinances has expired prior to the date hereof without any appeal, and such rates will be effective on the date of commencement of construction of the Project.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor and Recorder did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered R-1, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan

Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $211,263 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Pendleton Times*, a qualified newspaper published and of general circulation in The Town of Franklin, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on January 7, 2003, at the Town Hall in Franklin, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on April 5, 2002 and February 7, 2003, in Case No. 02-0065-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order entered April 5, 2002, has expired prior to the date hereof without any appeal. The time for appeal of the February 7, 2003 Order has not expired prior to the date hereof. However, parties to such Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. All such Orders remain in full force and effect.

16. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Board 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 Bonds, the Bond 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.

18. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

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

20. 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.

WITNESS our signatures and the official seal of THE TOWN OF FRANKLIN as of the day and year first written above.

[CORPORATE SEAL]

| SIGNATURE | OFFICIAL TITLE |
| --- | --- |
| Genevieve Glover | Mayor |
| Patrick B. Godfrey | Recorder |
| _____ | Counsel to the Issuer |

01/28/03
307110.00001

WITNESS our signatures and the official seal of THE TOWN OF FRANKLIN on this 11th day of February, 2003.

[CORPORATE SEAL]

| SIGNATURE | OFFICIAL TITLE |
| --- | --- |
| _____ | Mayor |
| _____ | Recorder |
| _____ | Counsel to the Issuer |

01/28/03
307110.00001

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of The Town of Franklin (the "Issuer") to be constructed primarily in Pendleton County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on January 7, 2003, as supplemented, and the bond purchase agreement, by and among the Issuer, the West Virginia Department of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated January 27, 2003 (the "Loan Agreement").

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

3. To the best of my knowledge, information and belief, (i) within the limits of 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 35 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A, attached hereto as Exhibit A and the Issuer's counsel, George I. Sponaugle, II, Esquire, 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 the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Issuer's certified public accountant, Gohdes & Thomas, CPA, as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 11th day of February, 2003.

THRASHER ENGINEERING, INC.

(SEAL)

H. Wood Thrasher, P.E.
West Virginia License No. 9478

01/29/03
307110.00001

## SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: _____

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

| | | | |
|---|---|---|---|
| | **A. Cost of Project** | | |
| 1. | Construction | $ 982,045 | |
| 2. | Technical Services | $ 249,000 | |
| 3. | Legal and Fiscal | $ 15,000 | |
| 4. | Administrative | $ 10,000 | |
| * 5. | Site and Other Lands | $ 5,000 | |
| ** 6. | Fac. Plan/Design or Other Loan Repayment (Specify Type: _____) | $ — | |
| 7. | Interim Financing Costs | $ — | |
| 8. | Contingency | $ 49,100 | |
| 9. | Miscellaneous | $ 7,500 | |
| 10. | Total of Lines 1 Through 9 | | $ 1,317,645 |
| | **B. Sources of Funds** | | |
| 11. | Federal Grants:[1] _____ | $ — | |
| | (Specify Sources) _____ | $ — | |
| 12. | State Grants:[1] _____ | $ — | |
| | (Specify Sources) _____ | $ — | |
| 13. | Other Grants:[1] _____ | $ — | |
| | (Specify Sources) _____ | $ — | |
| 14. | Any Other Source[2] _____ | $ 5,000 | |
| | (Specify) _____ | $ — | |
| 15. | Total of Lines 11 Through 14 | | $ 5,000 |
| 16. | Net Proceeds Required from Bond Issue (Line 10 minus Line 15) | | $ 1,312,645 |
| | **C. Cost of Financing** | | |
| 17. | Bond Council | $ 20,000 | |
| 18. | Funded Reserve Account:[3] | $ | |
| 19. | Total Cost of Financing (lines 17 + 18) | | $ 20,000 |
| 20. | Size of Bond Issue (Line 16 plus Line 19) | | $ 1,332,645 |

* not allowable for State Revolving Fund Assistance

** WDA loans associated with EPA grants are not allowable

Signature of Applicant

Date Dec. 13, 2002

Signature of Consulting Engineer

Date 12/11/02

Lucille S. Gohdes, CPA
Rosalie E. Thomas, CPA

GOHDES & THOMAS
Certified Public Accountants
401 Maple Avenue - P.O. Box 655
MOOREFIELD, W.VA. 26836
(304) 538-2035
(304) 538-7367 (Fax)

February 11, 2003

The Town of Franklin
Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

The Town of Franklin
Franklin, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Sewer Rate Ordinance enacted by The Town of Franklin (the "Issuer") on May 22, 2001, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., consulting engineers, it is our opinion that the Net Revenues actually derived from the System of the Issuer during any 12 consecutive months, within the 18 months immediately preceding the date of actual issuance of the Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program) (the "Series 2003 Bonds"), plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the Series 2003 Bonds will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Series 2003 Bonds and all other obligations secured by or payable from the revenues of the System, including the Prior Bonds (as defined in the Bond Ordinance, enacted by the Issuer on January 7, 2003).

It is our further opinion that such rates and charges of the Issuer are, as of the date hereof, sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2003 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2003 Bonds, including the Issuer's Prior Bonds.

Very truly yours,

Rosalie Thomas, CPA

01/29/03
307110.00001

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

On this the 11th day of February, 2003, the undersigned Mayor of The Town of Franklin in Pendleton County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,332,645 Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), of the Issuer, dated February 11, 2003 (the "Bonds" or the "Series 2003 Bonds"), hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on January 7, 2003, as supplemented (the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on February 11, 2003, the date on which the Bonds are being physically delivered in exchange for an initial advance of $211,263, being a portion of the principal amount of the Series 2003 Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Department of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2003 Bonds were sold on February 11, 2003, to the Authority, pursuant to a bond purchase agreement dated January 27, 2003, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $1,332,645 (100% of par) (the "Loan Agreement"), at which time, the Issuer received $211,263 from the Authority and the DEP, being the first advance of the principal amount of the Series 2003 Bonds. No accrued interest has been or will be paid on the Series 2003 Bonds. The balance of the principal amount of the Series 2003 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2003 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2003 Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before May 11, 2004. The acquisition and construction of the Project is expected to be completed by February 11, 2004.

8. The total cost of the Project is estimated at $1,337,645. Sources and uses of funds for the Project are as follows:

SOURCES

| | |
|---|---|
| Proceeds of the Series 2003 Bonds | $1,332,645 |
| Issuer's Contribution | 5,000 |
| Total Sources | $1,337,645 |

USES

| | |
|---|---|
| Costs of Acquisition and Construction of the Project | $1,317,645 |
| Costs of Issuance | 20,000 |
| Total Uses | $1,337,645 |

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2003 Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2003 Bonds Construction Trust Fund.

(4) Series 2003 Bonds Sinking Fund; and

(5) Series 2003 Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

As the Issuer receives advances of the monies derived from the sale of the Series 2003 Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2003 Bonds.

11. Monies held in the Series 2003 Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2003 Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2003 Bonds Sinking Fund and Series 2003 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2003 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2003 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

23. The Issuer has either (a) funded the Series 2003 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2003 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2003 Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2003 Bonds Reserve Account and the Series 2003 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature as of the day and year first written above.

THE TOWN OF FRANKLIN

By: Genevieve Gomez
Its: Mayor

01/29/03
307110.00001

FRANKLIN, WEST VIRGINIA

AN ACT TO INCORPORATE THE

TOWN OF FRANKLIN IN THE

COUNTY OF PENDLETON.

Passed February 28, 1872

FRANKLIN, WEST VIRGINIA
AN ACT TO INCORPORATE THE
TOWN OF FRANKLIN, IN THE
COUNTY OF PENDLETON.
Passed February 28, 1872

Be it enacted by the Legislature of West Virginia:

1. The corporate limits and boundaries of the town of Franklin, shall be as follows: Beginning at the northeast corner of Samuel P. Priest's lot, east of the road leading to Moorefield, and thence north seventy-five, west forty-four poles, to a stake in E. J. Coatney's pasture; thence south twenty, west eighty poles, to a rock in William M. Coy's pasture, south thirty-one, east forty-two poles to the west bank of the South Branch above the town; thence down the west bank of said branch, north eighty and a half, east twenty-two poles to a crib at the log across said branch, and thence north twelve, east ninety-four poles, to the beginning. corporat limits

(Corporate limits have changed.)

2. The municipal authorities shall be a mayor, recorder, and five councilmen, who together shall form a common council. common council

3. The mayor, recorder, and councilmen, so soon as they have been elected and qualified, as hereinafter provided, shall be a body corporate, by the name of "The Town of Franklin," and shall have perpetual succession and a common seal, and by that name may sue and be sued, implead and be impleaded, may purchase and hold real estate necessary to enable them the better to discharge their duties, and needful for the good order, government and welfare of said town. incorpor style of corporat powers o corporat

4. All the corporate powers of said corporation shall be exercised by the said council, or under their authority, except when otherwise provided. corporat powers; exercise

5. There shall be a town sergeant, a treasurer and com-

Town Clerk ~~missioner of the revenue~~, appointed by the council, to continue in office at its pleasure, and perform the duties respectively as hereinafter prescribed, or may be required by the council.

officer to be appoint

6. The duties of the office of recorder, treasurer and Town Clerk ~~commissioner of the revenue~~, may be discharged by the same person, or otherwise, as the council may from time to time determine.

recorde treasur and com mission

(Town has never had an office designated "Commissioner of the Rev.")

7. The mayor, recorder and councilmen, shall be elected for the term of two ~~one~~ years; they shall hold their offices until their successors are elected and qualified, and no one shall be eligible to either of said offices, who is not a resident of said town, and qualified to vote for its common council.

terms o office

qual cati for offi

(Angel as above.)

8. The first election shall be held on the fourth Saturday in March, 1872, at the court-house in said town, under the superintendence of the justice of Franklin township; and annually thereafter there shall be an election on the same day in each year, at such place and under such supervision, rules and regulations as the council of said town may prescribe. The persons conducting the first election shall grant certificates to the persons elected, which shall be entered upon the records with the ordinances of said council, and their term of office shall commence on the first day of April next, after the election.

firs elec

annu elec

cert fica of e tion

(This has been changed to conform w/State laws.)

9. All persons resident in said town, and entitled to vote for county and township officers shall be entitled to vote for mayor, recorder and councilmen.

who vote

10. When a vacancy shall occur, from any cause, in the office of mayor, recorder or council, the vacancy shall be filled by appointment by the council.

vaca how ed.

11. At all elections the vote shall be by ballot, and when two or more persons for the same office at any elec-

vote ball

tion shall receive an equal number of votes, the person or persons conducting such an election shall decide by lot which of said persons shall be returned elected. And all contested elections shall be heard and determined by the council for the time being.

tie vo

contes electi

12. The mayor, recorder, and councilmen, sergeant, treasurer and commissioner of the revenue shall each, before entering upon the duties of his office, and within ten days after being furnished with a certificate of his election, take and subscribe an oath that they will truly, faithfully and impartially discharge the duties of their said offices, respectively, to the best of their abilities so long as they continue therein. The recorder shall take such oath or affirmation before a justice or other officer authorized to administer oaths, and thereupon he shall administer the oath aforesaid to the other officers and councilmen. Certificates of the said oaths or affirmation shall be recorded on the journal of the proceedings of the council.

oath o office

before whom t

certifi cates oath

13. When any four of the newly elected councilmen shall have been qualified, they shall enter upon their said offices and supersede the former councilmen.

when n council enter office

14. If any one elected mayor, recorder or councilman shall not have been eligible, or shall fail or refuse to take the oath or affirmation required under this act, within the ten days aforesaid, such office shall be declared vacant, and the vacancy filled as hereinbefore prescribed, but in all cases from among the citizens of the town eligible to such office or position under this act.

failure qualify

15. The council shall be presided over at its meetings by the mayor, or, in his absence, by one of the councilmen selected by a majority of the council present, and a majority of the council shall be necessary to constitute a quorum to do business.

presidir officer

quorum

16. The council shall cause a journal to be kept in which an accurate record of all its proceedings, by-laws, acts and orders, which shall be fully indexed, and open to the inspection of the voters of the town, shall be entered. journal an proceeding

17. The proceedings of the last meeting shall be read to the council, corrected when necessary, and signed by the person presiding for the time being. Upon the call of any member, the ayes and noes, on any question shall be called and recorded in the journal. The mayor, though voting as a member of the council, in cases of a tie, shall have the casting vote. reading of journal yeas and n casting v

18. The council so constituted shall have all the powers within said town, that are granted to the council of towns and villages, generally, by section twenty-eight, of chapter forty-seven, of the code of West Virginia. powers o council

19. To carry into effect all powers conferred upon the said town, or its council, expressly, or by implication, in this or any other acts of the legislature, the council shall have power to adopt and enforce all needful orders, by-laws and ordinances, not contrary to the constitution of this state, and to prescribe, impose and enforce reasonable fines and penalties, including imprisonment, for a term not exceeding thirty days, under the judgment and order of the mayor of the said town, or the person lawfully exercising his functions. The council, with the consent of the supervisors of Pendleton county entered on record, may have the right to use the jail of said county, for any purpose necessary in the administration of its affairs. further power

20. The annual levy ordered by the council may be upon all male persons, within said town, over the age of twenty-one years, dogs, hogs and other animals, and on all real estate within said town which is not exempt from state annual levy

taxation, and all such other subjects in said town, as may, at the time, be assessed with state taxes: Provided, the tax do not exceed twenty-five cents on every hundred dollars value of real and personal property: and, Provided further, that no tax shall be levied upon land used for agricultural purposes, when the said tract, or parcel, or land shall exceed two acres in one body or piece of land belonging to one person, or one dollar per head on each taxable male person.

limit to levy

21. When anything for which a state license is required is to be done within the said town, the council may require a town license to be had for doing the same, and may impose a tax thereon for the use of the town, and the council may, in case, require from the person so licensed a bond with sueties, with such penalty, and with conditions as it may determine.

licenses

22. The sergeant shall collect the town taxes, fines, levies, and licenses, and after thirty days from the time he may receive the books of the commissioner of the revenue of said town, may distrain and sell therefor in like manner as a sheriff may for state taxes, and shall in all respects have the same powers as a sheriff to enforce the payment and collection thereof, and shall within the corporate limits of the town exercise all the duties that a constable can legally exercise in regard to the collection of claims, executing and levying process, and shall be entitled to the same compensation therefor, and he and his sureties shall be liable to all the fines, penalties and forfeitures that a constable is legally held liable to for any failure or dereliction in said office, to be recovered in the same manner and before the same tribunals, that the same are now recovered against constables.

sergeant; h: duties, powers, compensation and liabiliti

We do not have an office designated sergeant.



*our police officers can hold the rank of sergeant - but do not have these responsibilities or authorities.

23. There shall be a lien on real estate for the town taxes assessed thereon from the commencement of the year for which they are assessed, and the council may order and require the same to be sold or rented by the sergeant at public auction for the arrears, with interst thereon, with such per centum as the council may prescribe for charges and expenses thereof, and may regulate the terms upon, and time within which the same may be redeemed. No such sale or renting shall be ordered until such realty shall be returned delinquent, and the sale shall be after twenty days' notice, posted at the court-house door, and the post-office in said town.

lien for taxes

sale of r estate delinquen

notice of sale

24. The council may prohibit any theatrical, or other performance, show or exhibition it may deem injurious to the morals or good order of the town.

prohibiti of shows

25. The mayor shall be the chief executive officer of the town, shall take care that the by-laws, ordinances and orders of the council are faithfully executed, shall be ex-officio, a conservator and justice of the peace in the town, and shall, within the same, exercise all the powers and duties vested in justices, except that he shall have no juriddiction in civil causes; shall have control of the police of the town, and may appoint special police officers, shall see that peace and good order are preserved, and that the persons and property are protected in the town; shall have power to issue executions for all fines and costs imposed by him, or may require the immediate payment thereof, and in default of such payment, may commit the party in default to the jail of the county until the fine and costs be paid, but the term of imprisonment in such cases shall not exceed thirty days. He shall, from time to time recommend to the council such measures as he may

mayor; hi duties, powers an compensat

deem needful for the welfare of the town, and shall receive a compensation for his services to be fixed by the council, which shall not be increased or diminished for the term for which he was elected.

26. The recorder shall keep a journal of the proceedings of the council, and have charge of and preserve the records of the town, and shall receive a compensation for his services, to be fixed by the council, which shall not be increased or diminished for the term for which he was elected.

recorder his duti and compensatio

27. All moneys belonging to said town shall be paid over to the treasurer, who shall pay out the same upon the order of the mayor, countersigned by the recorder,* and not otherwise; and for any default or liability upon the part of the treasurer or sergeant, the council, in the corporate name of said town, may on motion, after ten day's notice, obtain judgment before the circuit court of said county, on account thereof against them and their sureties respectively, or either of them, or their heirs or legal representatives.

treasure his duti

how trea er and s geant pr ceeded against

Checks are signed by Mayor and countersigned by treasurer

28. The said town, and taxable property therein, shall be exempt from all expenses or liability for construction or repair of roads or bridges outside the corporate limits of said town.

exemptio from roa tax

29. All rights, privileges and properties of the said town, heretofore acquired and possessed, owned and enjoyed, by any act now in force, shall continue and remain vested in said town in this act, and all laws, ordinances, acts, resolutions, rights and liabilities existing, and now in force, not inconsistent with this act, shall continue in full force and effect until regularly repealed or canceled by a council elected as provided under this act.

former rights, &c., to vest in town

exist laws liabi ties remai force

**THE TOWN OF FRANKLIN**

**RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES**

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Franklin does hereby adopt the following rules to make available, In advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to The public and news media (except in the case of an emergency requiring immediate Action) as follows:

1. **Regular Meetings**. A notice shall be posted and maintained By the Recorder at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of **regularly scheduled meetings**. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. **Special Meetings**. A notice shall be posted by the Recorder At the front door or bulletin board of the Town Hall not less than 72 hours before a **specially scheduled meeting** is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 29 day of January 2003.

Genevieve Glover
Mayor

Patrick B. Hodges
Recorder

**CERTIFICATION**

I, Patrick B. Godfrey, duly appointed Recorder of the Town of Franklin do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the Council of the Town of Franklin at a regular meeting of the Town Council held 1/29/, 2003, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 29 day of January, 2003.

(SEAL)

Patrick B. Godfrey
Recorder

**Know All Men by These Presents,** That we .....

.....

.....

are held and firmly bound unto the State of West Virginia in the penal sum of ($.....).....

.....

for the payment whereof we bind ourselves and our heirs jointly and severally, firmly by these presents, sealed with our seals and dated this.....day of....., 19.....

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That whereas the above bound.....

.....was on the.....of....., 19....., duly elected to the office of .....

for the term of .....years, commencing on the.....day of....., 19.....

NOW THEREFORE, if the said.....shall faithfully discharge the duties of his said office of ....., and shall account for and pay over as required by law, all money which may come into his hands by virtue of his office aforesaid, then the above obligation to be void and of no effect, otherwise to be and remain in full force and virtue.

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

---

STATE OF WEST VIRGINIA,
COUNTY OF PENDLETON, to-wit:

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, Nancy Scott do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Member of the Council of the Town of Franklin to the best of my skill and judgment. So help me God.

Nancy Scott

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June, 19 2002

Nancy K. Gonshor
Clerk of the County Commission of
Pendleton County, WV

---

STATE OF WEST VIRGINIA,
PENDLETON COUNTY COMMISSION.

July 9 Term, 19 2002

The foregoing official ~~bond~~ oath of Nancy Scott having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest:

Nancy K. Gonshor Clerk.

**Know All Men by These Presents,** That we .....

.....

.....

are held and firmly bound unto the State of West Virginia in the penal sum of ($.....).....

.....

for the payment whereof we bind ourselves and our heirs jointly and severally, firmly by these presents, sealed with our seals and dated this.....day of....., 19.....

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for the term of .....years, commencing on the.....day of....., 19.....

NOW THEREFORE, if the said.....shall faithfully discharge the duties of his said office of ....., and shall account for and pay over as required by law, all money which may come into his hands by virtue of his office aforesaid, then the above obligation to be void and of no effect, otherwise to be and remain in full force and virtue.

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

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**STATE OF WEST VIRGINIA,**
**COUNTY OF PENDLETON, to-wit:**

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, Patricia M. Smith do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Member of the Council of the Town of Franklin to the best of my skill and judgment. So help me God.

Patricia M. Smith

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June, 19 2002

Nancy K. Gonshor
Clerk of the County Commission
Of Pendleton County, WV

---

**STATE OF WEST VIRGINIA,**
**PENDLETON COUNTY COMMISSION.**

.....Term, 19.....

The foregoing official ~~bond~~ oath of Patricia M. Smith having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest: Nancy K. Gonshor Clerk.

**Know All Men by These Presents,** That we .....

.....

.....

are held and firmly bound unto the State of West Virginia in the penal sum of ($.....).....

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.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

---

**STATE OF WEST VIRGINIA,**
**COUNTY OF PENDLETON, to-wit:**

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, Patricia M. Smith .....do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Member of the Council of the Town of Franklin to the best of my skill and judgment. So help me God.

Patricia M. Smith

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June, 19 2002

Nancy K. Gonshor
Clerk of the County Commission
Of Pendleton County, WV

---

**STATE OF WEST VIRGINIA,**
**PENDLETON COUNTY COMMISSION.**

.....Term, 19.....

The foregoing official ~~bond~~ oath of Patricia M. Smith having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest:

Nancy K. Gonshor .....Clerk.

**Know All Men by These Presents,** That we .....

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.....(SEAL)

.....(SEAL)

.....(SEAL)

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STATE OF WEST VIRGINIA,
COUNTY OF PENDLETON, to-wit:

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, Patrick B. Godfrey do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Recorder of the Town of Franklin to the best of my skill and judgment. So help me God.

Patrick B. Godfrey

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June ~~19~~ 2002

Nancy K. Gonshor

---

STATE OF WEST VIRGINIA,
PENDLETON COUNTY COMMISSION.

July 9 Term, ~~19~~ 2002

The foregoing official ~~bond~~ oath of Patrick B. Godfrey having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest:

Nancy K. Gonshor Clerk.

**Know All Men by These Presents,** That we .....

.....

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are held and firmly bound unto the State of West Virginia in the penal sum of ($.....).....

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.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

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COUNTY OF PENDLETON, to-wit:

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whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, Patrick B. Godfrey do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Recorder of the Town of Franklin to the best of my skill and judgment. So help me God.

Patrick B. Godfrey

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June ~~19~~ 2002

Nancy K. Gonshor

---

STATE OF WEST VIRGINIA,
PENDLETON COUNTY COMMISSION.

July 9 Term, ~~19~~ 2002

The foregoing official ~~bond~~ oath of Patrick B. Godfrey having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest: Nancy K. Gonshor Clerk.

**Know All Men by These Presents,** That we .....

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.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

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STATE OF WEST VIRGINIA,
COUNTY OF PENDLETON, to-wit:

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, W. Robert Horan do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Member of the Council of the Town of Franklin to the best of my skill and judgment. So help me God.

W. Robert Horan

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June, 19~~9~~ 2002

Nancy K. Gonshor
Clerk of the County Commission of Pendleton ~~County, WV~~

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STATE OF WEST VIRGINIA,
PENDLETON COUNTY COMMISSION.

July 9 Term, 19~~9~~ 200

The foregoing official ~~bond~~ oath of W. Robert Horan having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest: Nancy K. Gonshor Clerk.

**Know All Men by These Presents,** That we .....

.....

.....

are held and firmly bound unto the State of West Virginia in the penal sum of ($.....).....

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.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

---

STATE OF WEST VIRGINIA,
COUNTY OF PENDLETON, to-wit:

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, W. Robert Horan do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Member of the Council of the Town of Franklin to the best of my skill and judgment. So help me God.

W. Robert Horan

SWORN to and subscribed before me Clerk of the County Commission in and for the County of Pendleton, this 24th day of June, 19~~9~~ 2002

Nancy K. Gonshor
Clerk of the County Commission of Pendleton ~~County, WV~~

---

STATE OF WEST VIRGINIA,
PENDLETON COUNTY COMMISSION.

July 9 Term, ~~19~~ 200

The foregoing official ~~bond~~ oath of W. Robert Horan having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest: Nancy K. Gonshor, Clerk.

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 1096-B

**Know All Men by These Presents,** That we .....

.....

.....

are held and firmly bound unto the State of West Virginia in the penal sum of ($.....).....

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for the payment whereof we bind ourselves and our heirs jointly and severally, firmly by these presents, sealed with our seals and dated this.....day of....., 19.....

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.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

---

STATE OF WEST VIRGINIA,
COUNTY OF PENDLETON, to-wit:

I, .....a.....of the said County of Pendleton, do certify that .....

.....

whose names are signed to the foregoing bond bearing date on the.....day of....., 19....., have this day acknowledged the same before me in my said County.

Given under my hand this.....day of....., 19.....

.....

---

I, Tim W. Long do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of Member of the Council of the Town of Franklin to the best of my skill and judgment. So help me God.

Tim W. Long

SWORN to and subscribed before me Town Recorder in and for the County of Pendleton, this 2nd day of July, ~~19~~ 2002

Patrick B. Godfrey
Town Recorder

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STATE OF WEST VIRGINIA,
PENDLETON COUNTY COMMISSION.

August 6 Term, ~~19~~ 2002

The foregoing official ~~bond~~ oath of Tim W. Long having been approved by the Commission, it is ordered that the same be recorded and filed according to law.

Attest: .....Clerk.

CERTIFICATION OF OATHS OF OFFICE FOR TOWN OF FRANKLIN SANITARY BOARD MEMBERS

I hereby certify that these are true copies of the oaths of office as sworn by members of the Town of Franklin Sanitary Board.

Linda L. May

Linda L. May, CMC
Clerk-Treasurer

# Municipality of Franklin

P O Box 483
Franklin, WV 26807

State of West Virginia
County of Pendleton, To-Wit:

I, Daniel Mitchell, do solemnly swear (or affirm) that I will support the Constitution of the United States and the Constitution of this State, and will faithfully discharge the duties of my office as Sanitary Board Member/Engineer of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

Daniel Mitchell

Subscribed and sworn to before me, in said County and State this 6 day of Jan. 2003. My commission expires on 2/24, 2008.

Kimberly K. Pitsenbarger
Notary Public

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, Genevieve Glover, do solemnly swear (or affirm) that I will support the constitution of the United States and the constitution of this State, and will faithfully discharge the duties of my office as Sanitary Board Chairperson of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

Genevieve Glover

Subscribed and sworn to before me, in said County and State this 1st day of July, [redacted]2002. My commission expires on May 19, [redacted]2010.

OFFICIAL SEAL
Notary Public, State of West Virginia
Linda L. May
P.O. Box 394
Franklin, WV 26807
My commission expires May 19, 2010

Linda L. May
Notary Public

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, Bruce A. Minor, do solemnly swear (or affirm) that I will support the constitution of the United States and the constitution of this State, and will faithfully discharge the duties of my office as Sanitary Board Member of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

Bruce A. Minor

Subscribed and sworn to before me, in said County and State this 20th day of June, 2001. My commission expires on May 19, 2010.

OFFICIAL SEAL
Notary Public, State of West Virginia
Linda L. May
P.O. Box 394
Franklin, WV 26807
My commission expires May 19, 2010

Linda L. May
Notary Public

COPY



ORDINANCE #54

ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF FRANKLIN

WHEREAS, the Town of Franklin now contemplates the issuance of its Sewer Revenue Bonds, to finance the acquisition, construction, and operation of additions, extensions and improvements to its existing sewerage system (the"System"), pursuant to Article 13 of Chapter 16 of the Official West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a Sanitary Board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF FRANKLIN AS FOLLOWS:

Section 1. That the Council of the Town of Franklin does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town of Franklin, and two persons appointed by the Council, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town of Franklin, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of $2,000 for the proper application of all money received

by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the Town for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations.

A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town of Franklin.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this chapter and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the town beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of $1,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and

operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this chapter shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Bonding of Employees Who Handle Money. The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount

equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.

First Reading: February 10, 1987

Enacted on Second Reading: March 3, 1987

M. L. Spinaude Jr.
Recorder

Bruce A. Minor
Mayor

AMENDMENT

Pursuant to WV Code statute change whereby Sanitary Board Members may be compensated for their service, the Common Council for the Town of Franklin does hereby amend the above ordinance to establish a policy of monthly compensation for Board Members. Said compensation amount shall be set and approved by the Council.

This amendment shall be effective immediately upon passage.

First Reading: December 5, 2000 Second Reading: January 2, 2001

Third Reading and Adoption: February 6, 2001

Genevieve Glover
Recorder

Alice B. Hartman
Mayor

TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2002
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Franklin (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $3,000,000, for the purpose of financing a portion of the costs of certain additions, betterments and improvements to the existing public sewerage system of the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 4th day November, 2002.

SANITARY BOARD OF THE TOWN OF FRANKLIN

By: Genevieve Gomez
Its: Chairman

10/15/02
370110.00001

CH556458.1

COPY



# AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES, AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN

THE COMMON COUNCIL OF THE TOWN OF FRANKLIN HEREBY ORDAINS:

The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewerage system of the Town of Franklin throughout the territory served:

SECTION 1. SCHEDULE OF RATES, BILLING, DELAYED PAYMENT PENALTY, SEWER TAP FEE, DELINQUENT BILLS, AND ROOF DRAIN SURCHARGE

RATES (BASED UPON WATER USAGE):

FIRST: 1,000 gallons used per month or any fraction thereof - $10.60 (minimum bill)

All over 1,000 gallons used per month - $5.30 per thousand gallons

BILLING:

Bills will be calculated on each ten gallons of water used after the first 1,000 gallons minimum flat rate charge. Meters will be read monthly and bills rendered monthly, subject to the discretion of the Council.

DELAYED PAYMENT PENALTY:

10% if not paid twenty (20) days from date of bill

SEWER CONNECTION FEE:

$200.00

DELINQUENT BILLS:

The Town of Franklin will pursue collection of delinquent accounts, to the full extent of and subject to the applicable provisions of law. If any bill for sewerage service is not paid in full within forty (40) days of billing date, the customer's water service shall be subject to disconnection by the Town, subject to and in accordance with Public Service Commission rules and regulations. Service shall not be restored until all delinquent bills and penalties plus reconnection charge of Forty Dollars ($40.00) have been paid.

SURCHARGE FOR ROOF DRAINS CONNECTED TO THE TOWN OF FRANKLIN SANITARY SEWERAGE SYSTEM:

Wherever the Town has discovered that a customer's roof drain, downspout, storm sewer, or other similar facilities conducting surface water have been connected to the Town's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the Town, in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.

R - The measured monthly rainfall, in inches.

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - $5.30 (Town's approved rate per thousand gallons of metered water usage.)

Note: the minimum charge does not apply to the surcharge.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective July 15, 2001 which is not less than 45 days after the enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any court of competent jurisdiction hereof holds any clause, provision or section void or unenforceable, such holding shall not affect the remainder of this Ordinance. Upon the effective date set forth, all resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of previous resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Following the first reading hereof, the Clerk shall publish notice of this Ordinance in The Pendleton Times once a week for two weeks with final publication at least five (5) days prior to the meeting at which said Ordinance is to be finally adopted, and said notice shall state the day, time and place of the meeting and that any person interested may appear before Council to present comments or protests. Said notice shall also contain information regarding the percent of increase for each class of customers. At the public hearing prior to final adoption, all objections and suggestions shall be heard, and the Council shall take such action, as it shall deem proper.

Passed on First Reading: May 1, 2001

Passed and Adopted on Second Reading: May 22, 2001

Ayes: 5 Nays: 0 Absent: 1

Alice B. Hartman
Mayor

Attest: Genevieve Glover
Recorder

# AMENDATORY ORDINANCE

AN ORDINANCE AMENDING AN ORDINANCE ESTABISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN.

WHEREAS, on May 22, 2001, the Town Council of the Town of Franklin duly enacted an ordinance (the "Ordinance") entitled:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN.

WHEREAS, the effective date of the Ordinance as set forth therein was July 15, 2001;

WHEREAS, the Town wishes to delay the effective date of the Ordinance from July 15, 2001 to the date of commencement of construction of its sewer project, designated as DEP/SRF Project No. C-544289, as set forth in the plans and specifications prepared by Thrasher Engineering, Inc.;

NOW THEREFORE, THE COMMON COUNCIL OF THE TOWN OF FRANKLIN HEREBY ORDAINS:

That SECTION 2. EFFECTIVE DATE of the Ordinance is hereby amended to read as follows:

SECTION 2. EFFECTIVE DATE

The rates, fees, charges, and delayed payment penalty charges provided herein shall be effective on the date of commencement of construction of the Town's sewer project, designated as DEP/SRF Project No. C-544289, as set forth in the plans and specifications prepared by Thrasher Engineering, Inc.

All other provisions of the Ordinance shall remain in full force and effect.

ORD. #93-A

Passed on First Reading: January 8, 2002

Passed and Adopted on Second Reading: February 5, 2002

Ayes: 5 Nays: 0 Absent: 1

Alice B. Hartman
Mayor

Attest: Genevieve Glover
Recorder

# AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES, AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN

THE COMMON COUNCIL OF THE TOWN OF FRANKLIN HEREBY ORDAINS:

The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewerage system of the Town of Franklin throughout the territory served:

SECTION 1. SCHEDULE OF RATES, BILLING, DELAYED PAYMENT PENALTY, SEWER TAP FEE, DELINQUENT BILLS, AND ROOF DRAIN SURCHARGE

RATES (BASED UPON WATER USAGE):

FIRST: 1,000 gallons used per month or any fraction thereof - $10.60 (minimum bill)

All over 1,000 gallons used per month - $5.30 per thousand gallons

BILLING:

Bills will be calculated on each ten gallons of water used after the first 1,000 gallons minimum flat rate charge. Meters will be read monthly and bills rendered monthly, subject to the discretion of the Council.

DELAYED PAYMENT PENALTY:

10% if not paid twenty (20) days from date of bill

SEWER CONNECTION FEE:

$200.00

DELINQUENT BILLS:

The Town of Franklin will pursue collection of delinquent accounts, to the full extent of and subject to the applicable provisions of law. If any bill for sewerage service is not paid in full within forty (40) days of billing date, the customer's water service shall be subject to disconnection by the Town, subject to and in accordance with Public Service Commission rules and regulations. Service shall not be restored until all delinquent bills and penalties plus reconnection charge of Forty Dollars ($40.00) have been paid.

SURCHARGE FOR ROOF DRAINS CONNECTED TO THE TOWN OF FRANKLIN SANITARY SEWERAGE SYSTEM:

Wherever the Town has discovered that a customer's roof drain, downspout, storm sewer, or other similar facilities conducting surface water have been connected to the Town's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the Town, in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.

R - The measured monthly rainfall, in inches.

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - $5.30 (Town's approved rate per thousand gallons of metered water usage.)

Note: the minimum charge does not apply to the surcharge.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective July 15, 2001 which is not less than 45 days after the enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any court of competent jurisdiction hereof holds any clause, provision or section void or unenforceable, such holding shall not affect the remainder of this Ordinance. Upon the effective date set forth, all resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of previous resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Following the first reading hereof, the Clerk shall publish notice of this Ordinance in The Pendleton Times once a week for two weeks with final publication at least five (5) days prior to the meeting at which said Ordinance is to be finally adopted, and said notice shall state the day, time and place of the meeting and that any person interested may appear before Council to present comments or protests. Said notice shall also contain information regarding the percent of increase for each class of customers. At the public hearing prior to final adoption, all objections and suggestions shall be heard, and the Council shall take such action, as it shall deem proper.

Passed on First Reading: May 1, 2001

Passed and Adopted on Second Reading: May 22, 2001

Ayes: 5 Nays: 0 Absent: 1

Alice B. Hartman
Mayor

Attest: Genevieve Gloer
Recorder

# AMENDATORY ORDINANCE

AN ORDINANCE AMENDING AN ORDINANCE ESTABISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN.

WHEREAS, on May 22, 2001, the Town Council of the Town of Franklin duly enacted an ordinance (the "Ordinance") entitled:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN.

WHEREAS, the effective date of the Ordinance as set forth therein was July 15, 2001;

WHEREAS, the Town wishes to delay the effective date of the Ordinance from July 15, 2001 to the date of commencement of construction of its sewer project, designated as DEP/SRF Project No. C-544289, as set forth in the plans and specifications prepared by Thrasher Engineering, Inc.;

NOW THEREFORE, THE COMMON COUNCIL OF THE TOWN OF FRANKLIN HEREBY ORDAINS:

That SECTION 2. EFFECTIVE DATE of the Ordinance is hereby amended to read as follows:

SECTION 2. EFFECTIVE DATE

The rates, fees, charges, and delayed payment penalty charges provided herein shall be effective on the date of commencement of construction of the Town's sewer project, designated as DEP/SRF Project No. C-544289, as set forth in the plans and specifications prepared by Thrasher Engineering, Inc.

All other provisions of the Ordinance shall remain in full force and effect.

ORD. #93-A

Passed on First Reading: January 8, 2002

Passed and Adopted on Second Reading: February 5, 2002

Ayes: 5 Nays: 0 Absent: 1

Alice B. Hartman
Mayor

Attest: Genevieve Glover
Recorder

# Certificate of Publication

Copy

I, William McCoy, Jr., Publisher of

THE PENDLETON TIMES

do hereby certify that the attached

Legal Advertisement

was published in the aforesaid Pendleton Times, a weekly newspaper published at Franklin, Pendleton County, West Virginia for two successive weeks, beginning with the issue of May 10, 2001.

William McCoy Jr.
William McCoy, Jr., Publisher

Cost of Publication ..... $ 25.73

Other _____ ..... $ _____

Total Amount Due ..... $ 25.73

**NOTICE OF SEWER RATE INCREASES**

A proposed ordinance to increase rates and fees for customers of the Town of Franklin's sewer system will be considered for adoption by the Town Council at the town office, 204 N. Main Street, Franklin, WV, on May 22, 2001 at 4:00 p.m. The percent of increase (average) for residential customers will be 72%; commercial customers will be an average of 75%; and industrial customers will be an average of 63%. This ordinance in its entirety may be inspected at the Town Office from 8:00 a.m. to 5:00 p.m., Monday through Friday. Persons may appear and be heard regarding this proposed ordinance at the time and place stated above.

Linda L. May
Clerk-Treasurer

5-10-2c

NOTARY'S CERTIFICATE

Sworn to and subscribed before me this 17th day of May, 2001

Irvin S. Propst
Notary Public.

My commission expires Aug 6, 2009

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
IRVIN S. PROPST
P. O. Box 24
Brandywine, WV 26802-0024
My Commission Expires August 6, 2009

NOTE: Do not misplace this certificate; it will be needed in settling the estate.

**May 1, 2001** **Franklin Town Council Meeting**

The Town Council convened in regular session on May 1, 2001 at 7:30 p.m. in the town office. Mayor Hartman called the meeting to order. The following members were present:

Alice B. Hartman, Mayor
Genevieve Glover, Recorder
Craig Thompson, Council Member
Estyl Shreve, Council Member
Tim Long, Council Member
David Eye, Council Member
Browning Boggs, Council Member
Linda May, Clerk/Treasurer
Larry Hoover, Maintenance Supervisor
Bob Key, Water Plant Operator

Citizens present were: Robert & Elizabeth Leeson, Arnold & Elaine Lambert, Billy Mitchell, Galen & Ruby Sponaugle and Anna Mauzy.

**Minutes:** On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to approve the minutes of April 4, 2001 and April 17, 2001 as corrected.

**Financial Reports:** On a motion by Tim Long, seconded by Craig Thompson, the Council voted unanimously to approve the financial reports as presented. On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to transfer funds from Reserve to cover invoices for the water system and pump station on Anderson Hill. Mayor Hartman assured Council that the Town should receive $50,000.00 after July 1st 2001 from the Budget Digest. This will cover the expenses for the Anderson Hill Pump Station.

**Dental Insurance:** Mayor Hartman presented a Dental Plan for the Town Employees. Tabled until the June meeting.

**Cinders on Sidewalks and Streets:** Mayor Hartman wrote a letter to the Department of Highways regarding cinders on the sidewalks and lawns. Citizens are complaining about state trucks traveling too fast while dropping cinders.

**Fluoride:** The Pendleton County Health Department requested a final decision on fluoridation of the town water system. No action taken.

**Coal Severance Tax:** On a motion by Craig Thompson, seconded by Browning Boggs, the Council voted to reallocate the Coal Severance Tax with $100.00 to the PC Health Department, Franklin Volunteer Fire Department and PC Library with the remaining funds going to the Franklin Rescue Squad.

**Franklin Town Park:** Mayor Hartman reported on letter she received from Patrick Godfrey regarding the Town Park and the Pendleton County Little League.

**Dirty Run Sewer Project:** Mayor Hartman and Linda May reported on the Dirty Run Sewer Project. Members received a copy of the letter from Jeffrey Bowers written to Mayor Hartman. Linda May explained that the project was going back to the original plan. On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to proceed with the sewer project up to the second manhole. Mayor Hartman reported she was setting up a meeting with Jeffrey Bowers, Mark Geary, the Sanitary Board and Council Members Tim Long and David Eye on May 15, 2001 at 8:00 a.m. After some discussion it was the concensious that this meeting should be with the full council. Larry Hoover, Maintenance Supervisor was asked his opinion on the Dirty Run Sewer Project. Larry Hoover reported that it had not been discussed with him. Larry Hoover reported that the maintenance crew had changed out 30 meters. This is all the new meters. None have been order. This puts the change out up to 1975.

**Lagoon Project:** Still on trial basis.

**Anderson Hill Pump Station:** Larry Hoover reported that they should have one pump operational by tomorrow.

**SRF Project:** Linda May hopes to set up a Public Meeting on May 31, 2001 at 7:30 p.m. in the Community Building.

**Water Grant:** Mayor Hartman reported that she had met with John Snyder regarding the water grant. John Snyder suggested that the Council Members and 100 residents write to Governor Wise and our delegates and Senators encouraging their support of our water grant.

**Building Permits:**

Jerry and Violet Aumann requested a building permit to construct a room over their garage 24'x24' and a front porch 8 ½ x 23 for a cost of $6,000.00. Daniel J. Kimble requested a building permit to enclose his patio for a cost of $3,000.00. William Turner requested a building permit to build a 12' x 18' deck on his house for a cost of $963.00. Charles H. Simpson requested a building permit for two storage buildings 10' x 16' and 8' x 10' for a cost of $1,296.00. On a motion by Tim Long, seconded by Estyl Shreve, the Council voted unanimously to approve all the building permits.

**Sewer Rate Ordinance:** Linda May read the "An Ordinance Establishing and Fixing Rates, Fees, Charges, and Delayed Payment Penalty Charges for Service To Customers Of The Sewerage System Of The Town Of Franklin." On a motion by Tim Long, seconded by Estyl Shreve, the Council voted unanimously to approve the 1st reading of this ordinance.

ordinance.

**Employee Comments:**

Bob Key, Water Plant Operator reported that the Town would need a control panel at the water plant by January 1, 2003

Linda May requested permission to attend a Municipal League Clerks and Recorders Meeting on May 8th at Clarksburg, WV. On a motion by David Page, seconded by Browning Boggs, the Council voted unanimously for Linda May to attend the meeting.

**Public Comment:** Some citizens from Teter Addition requested that the Town not purchase the property below Leeson and Sponaugle's for a town park/ball field. They expressed their concern and pointed out this was a residential area. Mayor Hartman said she would not pursue this any further. Mayor Hartman said they had her "word" it would be dropped.

On a motion by Tim Long, seconded by Estyl Shreve, the Council voted unanimously to adjourn at 8:45 p.m.

Alice B. Hartman, Mayor

Genevieve Glover, Recorder

**May 22, 2001** **Franklin Town Council Special Session**

The Franklin Town Council convened in special session on May 22, 2001 at 4:00 p.m. in the town office. Mayor Hartman called the meeting to order. The following members were present:

**Alice B. Hartman, Mayor**
**Genevieve Glover, Recorder**
**Craig Thompson, Council Member**
**Estyl Shreve, Council Member**
**Tim Long, Council Member**
**Browning Boggs, Council Member**
**David Eye, Council Member**
**Linda May, Clerk/Treasurer**

Linda May read the Ordinance by title, "An Ordinance Establishing and Fixing Rules, Fees, Charges, and Delayed Payment Penalty Charges Fees To Customers of the Sewerage System of the Town of Franklin.

On a motion by Tim Long, seconded by Estyl Shreve, the Council voted unanimously to approve and adopt the 2nd reading the above ordinance by title.

Building Permit: Johnny Murphy requested a building permit to construct a 12' x 16' utility building on his father's property on Rt. 33 East for a cost of $2,500.00. On a motion by Estyl Shreve, seconded by Craig Thompson, the Council voted unanimously to approve the permit after Larry Hoover inspects the building permit.

Reed Waggy voiced some concerns regarding the Ordinance that the Council had just passed.

Mayor Hartman shared a letter with the Council that she had written to Delegate Harold Michael requesting the funds to replace 700' of the sewer line up Hall's Hill beginning at the end of the project on Walnut Street.

On a motion by Estyl Shreve, seconded by Tim Long, the Council voted unanimously to adjourn the meeting.

Alice B. Hartman
Alice B. Hartman, Mayor

Genevieve Glover
Genevieve Glover, Recorder

**June 22, 2001** **Franklin Town Council Special Session**

The Franklin Town Council convened in Special Session called by the Recorder on June 22, 2001 at 4:00 p.m. in the town office. The public attendance was so large, the meeting had to be moved to the Pendleton County Bank Conference room. The following members were present:

Alice B. Hartman, Mayor
Genevieve Glover, Recorder
Tim Long, Council Member
Estyl Shreve, Council Member
David Eye, Council Member
Browning Boggs, Council Member
Craig Thompson, Council Member
Linda May, Clerk/Treasurer
Citizens present: See attached copy

Mayor Hartman called the meeting to order. The purpose of the meeting was to discuss the formal complaint filed against the town regarding the Sewer Extension into Oakwood and into Rt. 33 and Rt. 220. Citizens of the town had concerns regarding the sewer rate increase of 72%. It was suggested that Oakwood, Rt 33 West and Rt. 220 North be annexed into the town corporation then extend the sewer into this area.
On a motion by Tim Long, seconded by Genevieve Glover, the Council voted unanimously to delay the 72 rate increase until the actual start of the construction of the Sewer Project.
Citizens asked what are the implications of the extension? Construction doesn't imply that the sewer will be extended to Oakwood Estates. Construction implies that construction will start in the town limits. If the decision is made to extend the sewer lines into Oakwood Estates, it will be one big project not (2) two separate projects. The extension out of town limits is a Sanitary Board Decision. Citizens asked it the Council plans to proceed with annexation of Oakwood, Rt 33 West and 220 North. The Council will be discussing this topic at a later date. Citizens question how Council will respond to the formal complaint. The deadline is June 29, 2001. The Council will be responding or get an extension. David Scott requested a financial report on the Sewer Fund Assets dealing with the FEMA money received during the 1985 flood in the amount of $150,000.00. Mayor Hartman told David Scott to stop by the office to pick up the financial information requested. Sandy Bennett requested to be on the agenda for the next meeting to discuss the Cemetery.

On a motion by David Eye, seconded by Estyl Shreve, the Council voted unanimously to adjourn at 5:50 p.m.

Alice B. Hartman
Alice B. Hartman, Mayor

Genevieve Glover
Genevieve Glover, Recorder

**February 5, 2002** **Franklin Town Council Meeting**

The Franklin Town Council convened in regular session on February 5, 2002 at 7:30 p.m. in the town Office. Mayor Hartman called the meeting to order. The following members were present:

Alice B. Hartman, Mayor
Genevieve Glover, Recorder
Craig Thompson, Council Member
Estyl Shreve, Council Member
David Eye, Council Member
Browning Boggs, Council Member

Tim Long, Council Member, Absent

Linda May, Clerk/Treasurer
Kimberly Pitsenbarger, Office Assistant
Larry Hoover. Maintenance Supervisor

**Citizens Present:** Patty Simmons, Lillian Brown, Laura Brown, Cathy Dowdy, Sandy Bennett, Bob and Betty Horan, Denny Glover, Rosemary Thompson, Jimmy Waybright, Woodrow Hartman and Ed Tallman, Pendleton Times .

**Minutes of January 8, 2002:** On a motion by David Eye, seconded by Craig Thompson, the Council voted unanimously to approve the minutes as corrected.

**Minutes of December 11, 2001:** On a motion by Browning Boggs, seconded by Estyl Shreve, the Council voted unanimously to approve the minutes as corrected.

**Financial Report:** On a motion by David Eye, seconded by Estyl Shreve, the Council voted unanimously to approve the Financial Report for informational purposes only.

**Correspondence:**

**SCBG Implementation Meeting:** Mayor Hartman reported that on Wednesday, February 13, 2002 at 7:00 p.m. there would be a public meeting in the Town Office on the implementation of the SCBG water grant.

**Annual Governors Conference:** Mayor Hartman received information on the Annual Governors Conference being held on March 17 – 19, 2002. Funded for Mayor Hartman by the Solid Waste Authority.

**WV Rural Water Scholarship:** Mayor Hartman received information from the WV Rural Water Association announcing a Higher Education Scholarship Fund for children and stepchildren of full time employees. The application deadline is

May 2002. Information is in the office for any Town Employees that are eligible to file for this scholarship.

**Allegheny Energy(Power):** Mayor Hartman received notice from David Riggleman, General Manager, Allegheny Energy (Power) regarding new services that they will make available in the near future. Allegheny Energy (Power) mission statement is to better serve your community and the wireless service provided in your area.

**Schedule for Environmental Training for Wastewater/Water Operators:** Mayor Hartman received the schedule for classes available for the wastewater and water operators for the year 2002.

**Old Business:**

**SCBG:** Linda May received a resolution from Ken Dyke of Region 8 regarding the public notice required for the Citizen's Participation Plan. On a motion by David Eye, seconded by Browning Boggs, the Council voted unanimously to adopt the new Amendatory Citizens Participation Plan and Resolution.

**Walnut Street Project:** Linda May reported that the engineers had made a change in the line design. By taking this different route they had eliminated the need to enter the Connie Bowers property. Only two more right-of-ways are needed, the town attorney has contacted the attorney of one of the property owners via a memo.

**SRF Project:** The application for Certificate of Convenience Necessity has been filed with the PSC. Filing has been published in the newspaper. The 30-day protest period has begun. The PSC Engineering department has completed the review of the project and passed the application on to the legal division for approval.

**Water Project:** The Engineers are going back to the Infrastructure Council to borrow the remaining money needed to complete the water project. The Engineers will see what type of funding and interest that is available for the town. They have begun preparing the design on the project.

**PSD Water Meter:** The PSD water meter has not been calibrated yet.

**New Business:**

**Water/Sewer Tap:** On a motion by David Eye, seconded by Estyl Shreve, the Council voted unanimously to approve a water tap for Ivan Bowers after Larry Hoover, Maintenance Supervisor, has inspected the location and approves the availability of the tap.

**Building Permit:** Jerry Aumann requested a building permit to build an upstairs over existing house on High Street, build larger front porch and a back porch for an estimated cost of $75,000.00. On a motion by David Eye, Seconded by Estyl Shreve, the Council voted unanimously to approve a building permit for Jerry Aumman after Larry Hoover, Maintenance Supervisor inspects the building location and determines that all building permit guidelines can be met.

**Yellow Line at Post Office:** On a motion by David Eye, seconded by Estyl Shreve, the Council voted unanimously to give the Department of Highways permission to erect a "No Parking Sign" on Pine Street near the Post Office drop box. The Maintenance crew will repaint the yellow line.

**Personnel Report:** David Eye reported that the personnel committee met to discuss pay raises for the town employees. The options were a 2.5 % cost of living, merit raises based on percent person to person basis, and town cover the cost of a health insurance increase of approximately 22% effective July 1, 2002. The town council discussed this matter at great length. Genevieve Glover, Recorder, stated that she felt the merit raises were very discriminatory, with one employee receiving approximately 16%, another 7%, others 1% and one employee none. She reported that Larry Hoover was on call 24 hours a day, seven days a week and Bobby Murphy worked seven days a week and the merit raises did not take this into account. Browning Boggs said the Personnel Committee had met and made these recommendations and felt that the Council should not tinker with them and to go ahead and address items. 1). Total proposed increase, 2.) Pay 50% of additional Insurance Premium 3). Employees or their families that use Tobacco pay the extra $20.00 per month beginning July 1, 2002. Craig Thompson asked who put the figures on for merit increases. Linda May said there was a preliminary meeting to put some figures together, then the advertised official personnel meeting. Genevieve Glover pointed out if these raises were given, the total package for Proposal 1 would cost the town over $25,000.00 a year. She also stated that a majority of citizens in Franklin are Senior Citizens and on fixed incomes. Council has or will increase sewer rates by 72% when construction starts on the sewer project. Linda May said these pay raises are spread over all the accounts. Linda stated that there were $25,000.00 administrative costs in the Sewer Project that could be tapped into. There is fees in the Walnut Street project that has never been accessed. Genevieve Glover asked who evaluated the employees to determine these merit raises. Mayor Hartman said she had evaluated David Hartman and Dwaine Helman. They will always do what is asked of them and Larry Hoover will come in any time he his called and never give you an unkind word. On a motion by David Eye, seconded by Genevieve Glover, the Council voted unanimously to give all town employees a 2.5% cost of living increase retroactive to January 1, 2002; The town will pick up the increase in cost of insurance for the employees and their families, effective July 1, 2002 with employees paying the cost of tobacco. David Eye said he reserved the right to revisit the merit raise when we have a full council. David Eye said we were going to have to have an evaluation system to quantify merit

raises. We have no evaluations on any of the employees. We need to set the groundwork and the rules in which we're going to do it.

**Addition/deletion to the minutes:** On a motion by David Eye and seconded by Browning Boggs, the Council voted unanimously that the handwritten changes that were made to the official minutes after they had been approved by Council and placed in the minute book be a dead issue at this point.

**Corrections to November 2001 minutes:** Mayor Hartman requested that the November 2001 minutes be changed. She requested that the statements made by Genevieve Glover and Tim Long should be removed. The comments were in reference to a statement that Mayor Hartman made about Kim Pitsenbarger on October 22, 2001 with the Council and employees. On a motion by David Eye, seconded by Genevieve Glover, the Council voted unanimously to leave this matter alone and never bring up again.

**Employee Comments:** None.

**Amendatory Ordinance:** On a motion by Browning Boggs, seconded by David Eye, the Council voted unanimously to approve the 2nd reading and final adoption of the Amendatory Ordinance.

**Council Comments:** Craig Thompson asked about year-end financial statement being published in local newspaper. Linda May said it was not necessary because the Town of Franklin was a Class IV. Craig Thompson asked about trash on Rt. 33 East outside of town being picked up by town. Craig Thompson stated that he had citizens asking questions about the Hotel/Motel Tax and felt that the Council might want to look at this issue again.

**Citizen Comments:**

Bob Horan stated he would like to address some issues:

1. **Merit Raises:** Employers need a good record system showing a person has earned a merit raise and this is done by documentation.
2. **Sanitary Funds:** In response to using Sanitary Funds to cover the cost of employee raises would be contrary to state law.
3. **Sewer Rate Increase:** In response to the 72% sewer rate increase that will go into effect when construction on the sewer project starts, I would like make the following comments. The 72% increase was attached to the sewer project including Oakwood and US. 33. Even though those two areas have been dropped, still the citizens in town are stuck with the 72% rate increase. It is a serious burden and it would be easier on the public if this increase was phased in, for example at 15% per year.
4. **Changing Official Minutes:** There is a procedure in changing the minutes of a meeting. You read the minutes from the previous

meeting and ask are there any corrections or additions. At that point and time you are allowed to make these corrections or additions. To change an official document without going through the correct procedure borders on criminal and leaves a lot of people liable. Maybe they didn't have a hand in the document being changed but they subsequently agreed to it especially in so changing the wording you altered the outcome of the original minutes. That is criminal and you become liable. Bob stated he would have a serious concern about that in the town he lives. To change official minutes may require a public notice and public hearing stating the change of an official document. Then 70% of the entire citizens would have to approve. Don't be hasty in changing something that is an official document.

5. **Financial Statement:** Bob asked if it is required that a year end financial statement be published for the municipality, Linda May stated the Town of Franklin is a Class IV, and is not required to do a publication in the news paper.

On a motion by David Eye, seconded by Estyl Shreve, to adjourn. However, no vote was taken.

Citizens present left the room.

Linda May asked the Council to go into executive session to discuss her, nobody else, she had the right to a closed meeting. Genevieve Glover questioned going into executive session when it was not on the agenda. Linda May and Mayor Hartman stated that it did not have to be on the agenda. Genevieve Glover stated that she believed there had to be a motion to go into executive session. On a motion by Craig Thompson, seconded by Browning Boggs to go into executive session to discuss whatever matter Linda May had. However, Council did not vote on the motion

On a motion by David Eye, seconded by Craig Thompson, to go into regular session. However, Council did not vote.

Mayor Hartman said during the executive session, we discussed wages for Larry Hoover and Linda May. On a motion by David Eye, seconded by Browning Boggs, the Council to increase Linda May to $12.00 per hour basic rate and Larry Hoover to $13.00 per hour because of their extra duties they have to perform by being supervisors. David Eye, Craig Thompson, Genevieve Glover and Browning Boggs voted for the motion. Estyl Shreve abstained .

On a motion by Estyl Shreve, seconded by Craig Thompson, the Council to adjourn at 9:30 p.m. However, no vote was taken.

Genevieve Glover 3-6-02

Alice B. Hartman, Mayor

Genevieve Glover, Recorder

**January 8, 2002** **Franklin Town Council**

The Franklin Town Council convened in regular session on January 8, 2002 in the town office at 7:30 p.m. Mayor Hartman called the meeting to order. The following members were present:

Alice Hartman, Mayor
Genevieve Glover, Recorder
Craig Thompson, Council Member
Tim Long, Council Member
Browning Boggs, Council Member
David Eye, Council Member
Estyl Shreve, Council Member, Absent
Linda May, Clerk/Treasurer
Bob Key, Water Plant Operator

Citizens: Barbara Key, Mr. and Mrs. Norman Wilfong, Rose Mary Thompson, Brooke Wimer, Jimmy Waybright, Sandra Bennett, Richard Thomas, and Ed Tallman, Pendleton Times.

**Minutes for December 4, 2001:** On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to approve as corrected.

**Minutes for December 11, 2001:** Council requested minutes to be presented at next meeting after re-wording.

**Financial Statements:** On a motion by Tim Long, seconded by Craig Thompson, the Council voted unanimously to approve the financial reports for informational purposes only.

**Correspondence:**

**Fireman Banquet:** The Franklin Town Council received an invitation to attend the Fireman's Banquet on January 19, 2002 at 6:00 in the community building.

**Rescue Squad:** Thank you note from Kimberly Kline for the money the Town gave to the Rescue Squad.

**Old Business:**

**Walnut Street Project:** Linda May reported she did not have any right-of-ways signed and in hand. Tim Long suggested that Council meet with Sanitary Board this month and get this project off square one. Browning Boggs said he attended the Sanitary Board meeting January 7, 2002 and it was his understanding that the Sanitary Board was in agreement for condemnation on the property to put the sewer line in. Tim Long suggested we contact our attorney to do condemnation

on the property. On a motion by David Eye, seconded Tim Long, the Council voted unanimously for the Mayor to write a letter to the landowner letting them know that we have made extensive efforts to contact them without success, and this is the last letter. The next letter is condemnation proceedings, if we haven't heard from them by January 20, 2002. Letter to be sent certified with return receipt.

**SRF Project:** The sewer project is to repair deteriorating sewer lines in the town limits and eliminate in flow infiltration problems, make improvements at the wastewater plant. This is the scope of the project. Once this goes in, it's going to be calling the Public Service Commission every day or two. The project Engineer will work with Linda May calling the PSC to get the project going. David Eye asked if all right-of- ways have been resolved. Linda May said indeed not. Linda May said DEP said it probably would take a year or more to get right-of-way issues settled. Linda May said she asked the Sanitary Board members last night to help her with some of these people (landowners) who seem to have questions and concerns? She asked the landowners to come into the office, sit down with them to find out what their concerns are and resolve the issue. If there is some particular aspect they cannot live with in the easement agreement, lets see if it can be taken out or amended, or altered in some manner that they feel they can sign off and live with it.

**Water Project:** Mayor Hartman said she received a call from the Small Cities Block Office and asked if she could come to the Governor's office on December 18, 2001. She and Linda May went to Charleston and received the water grant for $1,050,000.00 to upgrade the Town of Franklin water system. Mayor Hartman read the letter the Town received from Governor Bob Wise. Mayor Hartman said while they were in Charleston, WV, the PSC needed to meet with the them face to face to read out 10-12 questions they wanted to ask Mayor Hartman and Linda May. Mayor Hartman has copy of questions in town office if anyone would like to see them.

**PSD Water Meter:** The PSD water meter has not been calibrated.

**Hotel/Motel Tax:** Tim Long said he read over the information on the hotel/motel tax. He couldn't see where the 3% tax would benefit the tourism committee or the town, and would entail a lot of paperwork. On a motion by David Eye, seconded by Browning Boggs, the Council voted unanimously to drop the idea.

**New Business:**

**Ford Ranger:** Mayor Hartman said she had something we had to discuss that wasn't on the agenda. The emergency that came up was the Ford Ranger Truck used by the water operators. Hartman's Garage has looked at the motor and it needs a new "head". The new head will be $300.00 to $390.00 plus labor. The total cost will be around $500.00. The new motor was installed on July 26, 1998.

The truck has 55,220 miles. On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to put a new head in the truck.

**Water Plant:** Mayor Hartman said Larry Hoover had Brad Reid to come to Franklin concerning the water plant. Will give us more information later on. Bob Key, water plant operator, who operates the plant from day to day, was not brought in on this meeting.

**Building Permit:** On a motion by Tim Long, seconded by Craig Thompson, the Council voted unanimously to approve a building permit for the South Branch Valley National Bank to improve the parking lot for storm water run off, improve drive thru lanes, install an ATM machine and add additional roofing in the back for a total cost of $100,000. Council requested that Larry Hoover look at the project at the bank.

**Sewer Rate Ordinance Amendment:** Linda May stated that this amendment came about when the CPA was getting ready to prepare a memo for certification for our rate coverage for debt service, etc. The CPA asked questions as to what date she should use in that letter. Linda May placed a call to Vince Collins, Bond Council. Linda May explained to him that the sewer rate ordinance had basically been put on hold until the start of construction. Vince Collins was concerned that this might leave us with a dangling ordinance. He suggested being on the safe side, we do an Amendatory Ordinance in order to head off any potential problem or question from the PSC. Although they have already approved the tariff. Vince Collins drafted this and sent it to Linda May. It is an Amendatory Ordinance. On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to approve the first reading of the Amendatory Ordinance. (See attached Ordinance) Linda May stated that to be on the safe side we should advertise the Amendatory Ordinance twice and then have the second reading and adoption by Council. On a motion by Tim Long, seconded by Craig Thompson, the Council voted unanimously to advertise the Amendatory Ordinance as suggested by Vince Collins.

**Municipal League Conference:** The Municipal League Conference will be held on January 20-21, 2002 in Charleston, WV. Mayor Hartman said she and Linda May would like permission to attend. David Eye asked the cost of the registration fee. The cost of registration is $150.00 per person. The room rate is $88.00 per night (3 nights) plus travel expense. On a motion by David Eye, seconded by Craig Thompson, the Council voted unanimously to authorize Linda May and Mayor Hartman to attend the Municipal Conference at the town's expense.

**Town Office:** Mayor Hartman said she would like to work on getting a modular building for the town office when she went to the Municipal League Conference. Genevieve Glover asked whom she would be contacting at the Municipal League Conference that could help her get the money. Mayor Hartman said she would be in contact with the proper people to get that from the Budget Digest.

**Personnel Committee:** The personnel committee will meet Friday at 10:00 a.m. Recommendations from personnel committee will be brought to next council meeting.

**Ballot Commissioners:** Genevieve Glover said that the town would need two ballot commissioners for the June 2002 election. One Democrat and one Republican. She recommends Violet Aumann and Susie Wagoner to serve as our Ballot Commissioners and both parties are in agreement. On a motion by David Eye, seconded by Craig Thompson, the Council voted unanimously to approve the ballot commissioners as recommended by Genevieve Glover.

**Water – Monterey, VA:** Mayor Hartman said she had read in the Highland Recorder that Monterey, VA are without water and she felt the Town of Franklin should offer them a couple of truck loads. She asked Tom Patch, Water Plant Operator if our spring could handle giving them some water and he said it could. Monterey, VA would have to haul the water themselves. On a motion by David Eye, seconded by Tim Long, the Council voted unanimously to offer the water to Monterey, Va. at no charge.

**Employee Comments:** None.

**Council Comments:** Tim Long requested that the tampering of minutes to be placed on the agenda for the February meeting since it was not placed on the agenda this month as requested at the December meeting.

David Eye asked who was looking after the construction at the stoplight at the Rt. 220 and Rt. 33 Intersection? Some section of the sidewalk is very sloping, could be dangerous when wet or frozen.

**Snow removal on sidewalks:** Council requested placing notice in local paper informing landowners that they need to keep sidewalk clean. A personal letter will be sent to repeat offenders.

**Builder's Corner:** Browning Boggs asked if there was any possibility in the town purchasing Builder's Corner for the town office. Mayor Hartman said no there was not.

**Citizen Comments:** None.

On a motion by Tim Long, seconded by David Eye, the Council voted unanimously to adjourn at 8:30 p.m.

Alice B. Hartman — Genevieve Glover 2-11-02

Alice B. Hartman, Mayor — Genevieve Glover, Recorder

# Certificate of Publication

I, William McCoy, Jr., Publisher of

THE PENDLETON TIMES

do hereby certify that the attached

Legal Advertisement

was published in the aforesaid Pendleton Times, a weekly newspaper published at Franklin, Pendleton County, West Virginia for two successive weeks, beginning with the issue of Dec. 12, 2002.

William McCoy, Jr.

William McCoy, Jr., Publisher

Cost of Publication ..... $ 152.15

Other _____ ..... $ _____

Total Amount Due ..... $ 152.15

**THE TOWN OF FRANKLIN**
**NOTICE OF PUBLIC HEARING ON ORDINANCE**

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of The Town of Franklin (the "Town") to be held on Tuesday, January 7, 2003, at 7:30 p.m. in Council Chambers at the Pendleton County Community Building, 200 Confederate Road, Franklin, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 (WEST VIRGINIA SFT PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was approved by the Council on December 3, 2002.

The above-quoted title of the Ordinance describes generally the contests thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the sewerage system of the Town and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: December 3, 2002.

/s/Patrick B. Godfrey
Recorder

12-12-2c

NOTARY'S CERTIFICATE

Sworn to and subscribed before me this 19th day of December, 2002

Irvin S. Propst
Notary Public.

My commission expires Aug 6, 2009

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
IRVIN S. PROPST
P. O. Box 24
Brandywine, WV 26802-0024
My Commission Expires August 6, 2009

NOTE: Do not misplace this certificate; it will be needed in settling the estate.

# Franklin Town Council Minutes of November 6,2002

The meeting was called to order by Mayor Glover at 7:30. Mayor Glover led those present in the Pledge of Allegiance and a prayer.
Present: Patricia Smith, Nancy Scott, Curtis Crigler, Tim Long, Bob Horan, Mayor Glover, and Pat Godfrey.
Employees present: Linda May and Bob Key
Region Eight representatives were present as were Clay Riley and Randy Watson.

Minutes of October 1 and October 21 were approved with the change of October 21st minutes to read Bobby Murphy instead of Bobby Thompson.

Bob Horan moved to accept Oct.1st minutes as read.
Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

Tim Long moved to accept the Oct.21st minutes with the change noted above.
Bob Horan- second
vote-- yea-6 nay-0
motion passed

Financial Report- discussion was held on the cash flow report being easier to follow and Council would like that format to be followed.
Tim Long moved to accept the financial report for informational purposes only.
Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

Correspondence: Mayor Glover informed the Council of the following letters received:
Worker Compensation Workshop
Drinking Water Seminars
Region 8 Surplus Sale
Region 8 Capital Improvement Planning Downlink
Discover the Secrets of Success
Zoning and Land use
Scholarship Information
Governor Wise "Make it Shine"

Old Business:
Sewer Projects- Clay Riley informed Council that the re-bidding of the Sewer Contract #2 showed a difference of $120,000 less than the original bid. He also stated that a protest was filed by the second low bidder. The information on the protest was sent to the town attorney for legal interpretation of whether or not the Town could accept the low bid. If

the low bid is not acceptable, then Breckenridge is the low bid and the savings would be reduced to $102,000.

Dirty Run Project- Council was informed that All Construction had sub-contracted out to Kosner Enterprises. Questions were raised about the propriety of the sub-contracting without prior notification being made to the Town. Notification of any changes need to be made immediately to the Town.

Water Project- Thrasher Engineering

Randy Watson informed Council of the rate changes he was directed to bring to the Council with regard to the two-hour sediment basin and the four-hour sediment basin. The proposed Ordinance rate change was $30.75 average use rate. Thrasher Engineering's rate increase for a two-hour detention time to achieve an $18,000 annual surplus was to be $9.36 for minimum use and $31.86 for average use (4,500 gallons a month). The rate increase for the four-hour detention to achieve the same $18,000 annual surplus was to be a $9.79 minimum use and $33.43 for average use (4,500 gallons per month).

Bob Horan moved to stop the rate ordinance and incorporate the $33.43 average use rate for the four-hour detention.
Curtis Crigler-second
Discussion was held on whether the rate increase in the original ordinance was sufficient. Linda May and Kim Pitsenbarger felt the original $30.75 rate was fine. Questions were raised about the PSC and whether they would go along with the lower rate and Council was informed by Linda may that they would probably change not approve the low rate.

Vote-- yea-4 nay-2
motion passed

Pat Godfrey moved to have a public meeting on November 20th at 7:00 at the Community Building to discuss the rate increase.
Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

Parking Meter Enforcement/Permits- Council was made of a citizen complaint about parking the wrong way on a street and if there is no enforcement the above mentioned individual would not pay for a parking permit. Discussion was held on the need for a law enforcement officer for the Town.
Tim Long moved to contact Region Eight for funding of Town officer.
Patricia Smith- second
vote-- yea-6 nay-0
motion passed

New Business:

Sewer Revenue Bonds First Reading-
Bob Horan moved to approve the first reading of the Sewer Revenue Bonds.
Curtis Crigler-second
vote-- yea-6 nay-0
motion passed

Christmas Parade and Christmas Lights-
Tim Long moved to permit Christmas Parade on December 7th at 1:00.
Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

The Mayor is to check on getting someone with a bucket truck to put up Christmas Lights before Thanksgiving.

Trash Truck- Council was informed that the cost of a 4 yard dumpster would be $260 and a 6 yard dumpster would cost $360 with a $200 delivery charge. Not information was available on the interest of businesses to go to a dumpster. No action was taken.

Handicapped Parking Meters- No action taken

Upward Bound Letter of Support- Upward Bound was asking the Town to write a letter supporting the Upward Bound Program. Upward Bound is looking for continuing funding of the program.
Bob Horan moved for the Town to write a letter of support for the program.
Patricia Smith- second
vote-- yea-6 nay-0
motion passed

Friday after Thanksgiving holiday-
Tim Long moved to approve the Friday after Thanksgiving as a holiday for Town employees.
Curtis Crigler-second
vote-- yea-6 nay-0
motion passed

Organization of Disciplinary Committee- no action taken

Evick Drive- Council was informed of the overhanging branches and greenery on Evick Drive. Questions were raised about the actual deed holder of the adjacent cemetery. Also, Council was informed of the water running across the road in front of the grade school

and the school's request to have the town fix it. Larry Hoover is to look at the water situation and inquiries are to be made on the ownership of cemetery.

Building Permits- Walnut Street Methodist Church asking for permit for construction of a room at a cost of $9400.
Curtis Crigler moved to allow construction.
Bob Horan-second
vote-- yea-6 nay-0
motion passed

Linda May's surgery- Council was informed of Linda's surgery on November 29th. She is to be off work for 10 days to two weeks. She will be in a sling for 4-6 weeks and on restricted duty. The worse case scenario is for Linda to be off work or on restricted duty for 12 weeks.

Review applicants- Larry Hoover is to study the applicants and report to Council if there is a viable candidate for the sewer plant operator's position.

Executive Session- postponed

Vacuum Cleaner- no action taken

Employee Comments- Bob Key informed Council of two items of note:
1) Air Compressor
2) Filter Media

Tim Long moved to adjourn.
Curtis Crigler-second
vote--yea-6 nay-0
motion passed

Meeting adjourned at 9:55

Lawrence Glover
Mayor's Signature

Patricia B. Tolley
Recorder's Signature

Council Comments: Ice patch at Grade School- Larry is to check on that.
Branches on Evick Drive, missing street signs, Engine Brake sign for trucks, stop sign at top of Dogwood.

After some discussion on the recently hired employee and his physical health, Pat Godfrey moved that the Town does not extend the contract to him until he completes and passes a physical and drug test paid for by the town.
Patricia Smith- second
vote-- yea-6 nay-0
motion passed

Bob Horan moved to adjourn.
Curtis Crigler-second
vote-- yea-6 nay-0
motion passed

meeting adjourned at 9:35

Genevieve Glover
Mayor's Signature

Patrick B. Godfrey
Recorder's Signature

5) Audit- Council is awaiting word from the auditors

New Business-
1) Public Hearing on Sewer Bonds- Mayor Glover opened the floor for public comment and objection to the bond. None was heard.
Tim Long moved to approve the third reading of the Sewer Bonds.
Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

2) Personnel issues- Hiring of OIT sewer operator
Bob Horan moved to hire Robert Davis.
Tim Long-second
vote-- yea-6 nay-0
motion passed

Bob Horan moved to use the employment form used for future hirings.
Patricia Smith- second
vote-- yea-6 nay-0
motion passed

Bob Horan moved to accept hiring agreement as amended (see copy attached).
Curtis Crigler - second
vote-- yea-6 nay-0
motion passed

Titles of Workers- this was referred back to the Personnel Committee which is to meet Jan.14 at 6:00 at the Town office.

3) Appointing of Town Attorney for 2003
The mayor is to write letters to all attorneys and ask for rates.

4) First Reading of Water Rate Increase Ordinance-
Tim Long moved to approve the first reading of the water rate increase.
Bob Horan-second
vote-- yea-6 nay-
motion passed

5) Customer Notification of Water Rate Increase-

Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

Water Project- Council was informed by Tim Long of discussions held with Mr. Day about land needed for building at water plant. Mr. Day asked why the building could not be turned. Costs for the rotating the building to be projected and that cost would be the purchase price of the land needed to construct building. Council also discussed the need to keep the project going because the money at this low cost would probably not be available if Council were to stop and start over.

Tim Long moved to approve the two-hour detention with tube settlers for the 350gpm rate from the spring or the 175gpm rate from the Thorn Creek pump station and to include the algae removal cover at a total cost of $3,331,300.00
Bob Horan-second
vote-- yea-6 nay-0
motion passed

Hotel/Motel Tax- Council was informed that a portion of the revenue raised by the tax must go for parks and recreation.

New Business-
Sewer Revenue Bonds- Bob Horan moved to approve the second reading of the proposed Ordinance proving for the issuance of its Sewer revenue Bonds, Series 2003 (West Virginia SRF Program).
Tim Long-second
vote-- yea-6 nay-0
motion passed

Council was informed that Daniel Michael agreed to be the engineer on the Sanitary Board during construction. Edwin Wimer to step down during the construction.
Bob Horan moved to approve Daniel Michael as a member of the Sanitary Board.
Tim Long- second
vote-- yea-6 nay-0
motion passed

Press Releases- Pat Godfrey moved that any press release be signed off on by the Mayor or any Council Member before going to the press.
Bob Horan-second
vote-- yea-6 nay-0
motion passed

Curtis Crigler- second
vote-- yea-6 nay-0
motion passed

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vote-- yea-6 nay-0
motion passed

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vote-- yea-6 nay-0
motion passed

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Tim Long- second
vote-- yea-6 nay-0
motion passed

Press Releases- Pat Godfrey moved that any press release be signed off on by the Mayor or any Council Member before going to the press.
Bob Horan-second
vote-- yea-6 nay-0
motion passed

Minutes from Franklin Town Council Special Meeting-January 29, 2003

The meeting was called to order at 4:05 by Mayor Glover. Council members present were Patricia Smith, Nancy Scott, Tim Long, Bob Horan, Mayor Glover, and Pat Godfrey. Curtis Crigler was absent.

Item A: Bob Horan moved to adopt the Supplemental Resolution setting forth certain additional information regarding the Bonds.
Tim Long- second
vote-- yea-5 nay-0
motion passed

Item B: Tim Long moved to adopt the resolution authorizing the payment of invoices from the bond proceeds.
Bob Horan-second
vote-- yea-5 nay-0
motion passed

Item C: Tim Long moved to adopt the Resolution on Open Governmental proceedings rules.
Bob Horan-second
vote-- yea-5 nay-0
motion passed

Item D: There were no other measures related to the foregoing.

Item E: Personnel Issues
Employees Job Classification- Tim Long voiced concern about both Bob Key and Tom Patch being classified as Water Plant Operators.
Tim Long moved that all classifications be approved, except water plant operators, since more information was needed.
Patricia Smith-second
vote-- yea-4 nay-0
motion passed

Personnel policies and procedures will be discussed at regular meeting on 2/4/03.
David Hartman to have use of town vehicle( Ford Ranger) for meter reading and replacing water meters.

Bob Horan moved to pay Kim Pitsenbarger $100.00 for clerical work for Sanitation Board meeting, Board of Parks meeting, and Cemetery Board meeting. This will be in lieu of paying Linda May this amount since she is on medical leave.
Tim Long-second
vote-- yea-4 nay-0
motion passed

Nancy Scott moved to adjourn.
Tim Long-second
Meeting adjourned at 5:20

Genevieve Bower
Mayor's Signature

Patrick B. Godfrey
Recorder's Signature

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: February 11, 2003

(See Reverse for Instructions)

ISSUE: The Town of Franklin, Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program)

ADDRESS: Post Office Box 483 Franklin, West Virginia 26807 COUNTY: Pendleton

PURPOSE OF ISSUE: New Money: X Refunding: ____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: February 11, 2003 CLOSING DATE: February 11, 2003

ISSUE AMOUNT: $1,332,645 RATE: 0% - Administrative Fee .5%

1ST DEBT SERVICE DUE: September 1, 2004 1ST PRINCIPAL DUE: September 1, 2004

1ST DEBT SERVICE AMOUNT: $ 11,106 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: 304.624.8161

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: 304.340.3180

CLOSING BANK: Pendleton County Bank
Contact Person: Lois Riggleman
Phone: 304.358.2311

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Genevieve Glover
Position: Mayor
Phone: 304.358.7525

OTHER:
West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Leader
Phone: 304.558. 0637

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire ____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

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

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

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH573634.2

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Pendleton County Bank, Franklin, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The Town of Franklin (the "Issuer") enacted by the Issuer on January 7, 2003, and a Supplemental Resolution adopted by the Issuer on February 4, 2003 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), dated February 11, 2003, issued in the original aggregate principal amount of $1,332,645 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 11th day of February, 2003.

PENDLETON COUNTY BANK

By: _____
Its: Authorized Officer

01/17/03
307110.00001

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Franklin Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), dated February 11, 2003, issued in the original aggregate principal amount of $1,332,645 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 11th day of February, 2003.

HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

01/17/03
307110.00001

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The Town of Franklin (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), of the Issuer, dated February 11, 2003, in the principal amount of $1,332,645, numbered R-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Huntington National Bank, as Registrar.

WITNESS my signature on this 11th day of February, 2003.

HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

01/22/03
307110.00001

THE TOWN OF FRANKLIN

Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

# REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of February, 2003, by and between THE TOWN OF FRANKLIN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,332,645 Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted January 7, 2003, and a Supplemental Resolution of the Issuer duly adopted February 4, 2003 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Bonds from

federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: The Town of Franklin
Post Office Box 483
Franklin, West Virginia 26807
Attention: Mayor

REGISTRAR: Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

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

9. 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.

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

THE TOWN OF FRANKLIN

Mayor

HUNTINGTON NATIONAL BANK

Authorized Officer

01/29/03
307110.00001

CH573643.2

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

## SCHEDULE OF COMPENSATION

(See attached)

**Private Financial Group**
900 Lee Street, 11th Floor
P. O. Box 3985
Charleston, West Virginia 25339-3985

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date February 11, 2003

**THE TOWN OF FRANKLIN**
**Account Number 6089001809**

The Town of Franklin
Sewer Revenue Bond, Series 2003
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

**********

FEE CALCULATION FOR February, 2003

**********

| | | |
|---|---|---|
| TOTAL AMOUNT | $ | 500.00 |
| **TOTAL DUE** | **$** | **500.00** |

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA . . *
* .. BOWDEN, PO BOX 3985, CHARLESTON, WV 25339-3985 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311-1088
Telephone: (304) 558-8855 or 558-4086
Fax: (304) 558-5903

# West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

November 26, 2001

Honorable Alice B. Hartman
Town of Franklin
P.O. Box 483
Franklin, WV 26847

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0024970
Modification No. 1

Dear Mayor Hartman

This correspondence shall serve as WV/NPDES Water Pollution Control Permit Modification No. 1, of your existing WV/NPDES Water Pollution Control Permit No. WV0024970, issued the 11th day of December 2000.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0024970-A, dated the 11th day of June 2001, and other relevant information, the subject Permit is hereby modified to incorporate the following data and changes, respectively.

Wastewater Collection System:

1. To construct, install, operate and maintain a wastewater collection system upgrade of the existing wastewater collection system comprised of approximately 6,160 linear feet of gravity sewer lines, 320 linear feet of storm sewer lines, 23 manholes, 1 gravity cleanout, 450 linear feet of open channel drainage ditch and 1 catch basin and all necessary appurtenances.

2. The wastewater facility improvements shall be constructed in accordance with the plans and specifications approved by WVDEP Construction Assistance the 29th day of October 2001, prepared by Thrasher Engineering Inc.; Consulting Engineers; 30 Columbia Boulevard; P.O. Box 1532; Clarksburg, WV 26301, and entitled "Sanitary Sewer System Improvements"; Pendleton County West Virginia; Contract #1; SRF Project No. 544289.

Wastewater Treatment System:

1. To acquire, construct, install, operate and maintain, an upgrade to the existing wastewater treatment system flow from 0.15 million gallons per day to 0.2 million gallons per day, to be comprised of a head-works system complete including a reinforced concrete structure, velocity controlled grit chambers, a self-cleaning bar screen, a new aeration system and pond effluent structure repair and all necessary appurtenances.

2. The wastewater facility improvements shall be constructed in accordance with the plans, specifications approved by WVDEP Construction Assistance the 14th day of May 2001, prepared by Thrasher Engineering Inc.; Consulting Engineers; NorthGate Business Park; 300 Association Drive; Charleston, WV 25311, and entitled "Sanitary Sewer System Improvements"; Pendleton County West Virginia; Contract #2; SRF Project No. 544289.

Enclosed is revised Page 2 of 8, revised Page 3 of 8, revised Page 6 of 8 and revised Discharge Monitoring Report. These revised pages shall supersede the ones currently in your possession, and be incorporated, as appropriate, into your existing WV/NPDES Water Pollution Control Permit WV0024970.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged.

Sincerely,

Allyn G. Turner

Allyn G. Turner
Director

AGT/arc
Enclosures

cc: Env. Inspector Supervisor
Env. Inspector, Pendleton County

**A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:**

**Final Limitations**

**Year Round**

During the period beginning upon completion of plant upgrades and lasting through midnight December 10, 2005 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

**Such discharges shall be limited and monitored by the permittee as specified below:**

| Effluent Characteristic | Discharge Limitations | | | | | | Units | Monitoring Requirements | |
|---|---|---|---|---|---|---|---|---|---|
| | Quantity | | Units | Other Units | | | | Measurement Frequency | Sample Type |
| Flow,in Conduit or thru plant (Year Round) (ML-1) | N/A | N/A | N/A | N/A | Rpt Only Avg. Monthly | Rpt Only Max. Daily | mgd | Continuous | measured |
| BOD, 5 Day 20 Deg.C (Year Round) (ML-B) | 50.1 Avg. Monthly | 100.2 Max. Daily | Lbs/Day | N/A | 30 Avg. Monthly | 60 Max. Daily | mg/l | 1/month | 8 hr comp |
| Total Suspended Solids (Year Round) (ML-A) | 100.1 Avg. Monthly | 200.2 Max. Daily | Lbs/Day | N/A | 60 Avg. Monthly | 120 Max. Daily | mg/l | 1/month | 8 hr comp |
| Nitrogen, Kjeldahl Total (Year Round) (ML-A) | 30 Avg. Monthly | 60 Max. Daily | Lbs/Day | N/A | 18 Avg. Monthly | 36 Max. Daily | mg/l | 1/month | 8 hr comp |
| Coliform, Fecal (Year Round) (ML-A) | N/A | N/A | N/A | N/A | 200 Mo. Geo. Mean | 400 Max. Daily | Cnts/100ml | 1/month | Grab |
| pH (Year Round) (ML-A) | N/A | N/A | N/A | 6 Inst. Min. | N/A | 9 Inst. Max | S.U. | 1/month | Grab |
| Dissolved Oxygen (Year Round) (ML-A) | N/A | N/A | N/A | N/A | 6 Inst. Min. | N/A | mg/l | 1/month | Grab |
| Chlorine, Total Residual (Year Round) (ML-A) See item 14 of Section C. | N/A | N/A | N/A | N/A | zero Avg. Monthly | zero Max. Daily | ug/l | 1/month | Grab |
| Zinc, Total Recoverable (Year Round) (ML-A) See item 16 of Section C. | N/A | N/A | N/A | N/A | N/A | Rpt Only Max. Daily | ug/l | 1/quarter | 8 hr comp |

**Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):**
Effluent BOD5 sampling shall be collected at a location immediately preceding disinfection. All other effluent samples shall be collected at or as near as possible to the point of discharge.

**This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**

**C. OTHER REQUIREMENTS (continued)**

12. Upon completion of plant upgrades, the average daily design flow for this POTW has been established at 0.2 million gallons per day (MGD). When the average monthly effluent flow reported on the Discharge Monitoring Report (DMRs) reaches or exceeds ninety percent (90%) [ 0.18 MGD], of the above stated design flow during three (3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Chief. The Plan of Action shall present, at a minimum, an analysis of the current loadings on the plant - both hydraulic and organic, an analysis of the future projected loadings and a Schedule of Task implementing procedures necessary for achieving satisfactory treatment levels.

13. Upon completion of plant upgrades, any future collection system extensions to the current system serving the Town Franklin, projected to cause an increase in wastewater flow equal to or greater than 10,000 gallons per day, shall require the permittee to secure approval of the extension through Modification of this Permit.

14. Available sampling methods for Total Residual Chlorine (TRC), for Outlet No. 001 are currently not sensitive enough to confirm compliance with the effluent discharge limitations prescribed in Section A. of this permit. Total Residual Chlorine samples shall be taken, preserved and analyzed in accordance with the provisions of 40 CFR Part 136. Because the plant site is remote from a certified wastewater laboratory and the permittee must still comply with the instantaneous sample type requirements, the permittee shall use an EPA Approved Method with at least a method detection level (MDL) of 100 micrograms per liter. Any TRC sampling result reported as less than the MDL stated above shall be assumed to confirm compliance for purposes of permit enforcement. *Should a more sensitive EPA approved method become available for field analysis of TRC, the permittee shall perform TRC self-monitoring in accordance with the new method. If the new method is not sensitive enough to determine compliance with specified TRC limits, analytical results reported as "not detected" at the MDL of this new method will be deemed compliant for purposes of permit enforcement.*

15. Permittee shall be authorized to have upto one (1) allowable excursion of the Maximum Daily effluent discharge limitation for Fecal Coliform on Outlet No. 001, over the term of this Permit. The number of authorized excursions has been based upon one percent of the number of samples required over the term of the Permit.

    a) Utilization of the authorized excursion shall only be afforded to the reporting of self-monitoring results and only when such results are based upon an individual instantaneous measurement to assess compliance with the maximum daily limitation.

    b) The result for which an allowable excursion is claimed shall, when applicable, be included in the calculation of the average monthly effluent value.

    c) The excursion allowance shall be contingent upon the permittee's prompt return to compliance as evidenced by the next required Fecal Coliform self-monitoring event.

16. Effluent monitoring for Copper, Lead, & Zinc parameters shall be conducted using the most sensitive detection methods commercially available and economically feasible. The following methods and detection levels are offered as a guide:

| Parameter | EPA Method No. | Detection Level (ug/l) |
|---|---|---|
| Copper (TR) | 220.2 | 1 |
| Lead (TR) | 239.2 | 1 |
| Zinc (TR) | 289.2 | 1 |

**A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:**

**Final Limitations**

**Year Round**

During the period beginning upon completion of plant upgrades and lasting through midnight December 10, 2005 the permittee is authorized t
discharge from Outlet Number(s) 001 (Sanitary)

**Such discharges shall be limited and monitored by the permittee as specified below:**

| Effluent Characteristic | Discharge Limitations Quantity | | Units | Other Units | | | Units | Monitoring Require Measurement Frequency | S |
|---|---|---|---|---|---|---|---|---|---|
| Lead, Total Recoverable (Year Round) (ML-A) | N/A | N/A | N/A | N/A | N/A | Rpt Only Max. Daily | ug/l | 1/quarter | 8 h |
| See item 16 of Section C. | | | | | | | | | |
| Copper, Total Recoverable (Year Round) (ML-A) | N/A | N/A | N/A | N/A | N/A | Rpt Only Max. Daily | ug/l | 1/quarter | 8 h |
| See item 16 of Section C. | | | | | | | | | |

**Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):**

Effluent BOD5 sampling shall be collected at a location immediately preceding disinfection. All other effluent samples shall be collected at or as near possible to the point of discharge

**This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**



TOTAL P.07

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# CLOSING MEMORANDUM

**To:** **Financing Team**

**From:** **John C. Stump, Esquire**

**Date:** **February 11, 2003**

**Re:** **The Town of Franklin Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program)**

## 1. DISBURSEMENTS TO THE TOWN OF FRANKLIN

A.

| | |
|---|---|
| Payor: | West Virginia Department of Environmental Protection |
| Amount: | $211,263 |
| Form: | Check |
| Payee: | The Town of Franklin |
| Contact: | Rosalie Brodersen - 304.558.0637 |
| Account: | Series 2003 Bonds Construction Trust Fund |

State of West Virginia

# WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

## BOND CLOSING ATTENDANCE LIST

Date February 11, 2003 Time 8:30 a.m. LGA Town of Franklin Program CWSRF

| NAME | COMPANY, AGENCY, OR ORGANIZATION | TELEPHONE | FAX | E-MAIL |
|---|---|---|---|---|
| Suzanne Gee | Jackson Kelly PLLC | 340-1318 | 340-1080 | sgee@jacksonkelly.com |
| John C. Stump | Steptoe & Johnson PLLC | 353-8196 | 353-8181 | stumpjc@steptoe-johnson.com |
| Barbara B Meadows | Water Development Authority | 558.3612 | 558.0299 | bmeadows@wvwda.org |
| BERNIE YONKOSKY | WDA | " " | " " | byonkosky@wvwda.org |
| Doug Olds | WVWDA | 558-3612 | 558-0299 | dolds@wvwda.org |
| ROSALIE BRODERSEN | WV DEP | 5580637 | 5583778 | rbrodersen@mail.dep.state.wv.us |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Genevieve Clover, Mayor Telephone 304.358.7525 E-Mail N/A
Address P.O. Box 483 Franklin, West Virginia 26807

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate

THE TOWN OF FRANKLIN

SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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06/01/87
FRKNS2-B

THE TOWN OF FRANKLIN

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF FRANKLIN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $275,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN $75,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN $300,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

## ARTICLE I

## STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 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 Franklin (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Pendleton County of said State.

B. The Issuer now owns and operates a public sewage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain other additions, betterments and improvements for such existing sewerage facilities of the Issuer (the "Project") (the existing public sewage treatment, collection and transportation system of the Issuer, the Project and any further additions thereto or extensions is herein called the "System") at an estimated cost of $1,047,132, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $350,000 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than $275,000, and the Series 1987 B Bonds in the aggregate principal amount of not more than $75,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes"), in the aggregate principal amount of not more than $300,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may

be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement"), both dated March 17, 1987, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1987 B Bonds shall be junior and subordinate to the Series 1987 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

I. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt bonds during the calendar year in which the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders 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 registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, or any Bond or Note of a different series issued on a parity with any other Bond or Note of another series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13 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 of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"City Clerk" or "Recorder" means the Recorder of the Issuer.

"Closing Date" means, with respect to any series of Bonds, the date upon which there is an exchange of such series of Bonds for the proceeds representing the purchase of such series of Bonds by the Authority or such other purchaser or purchasers thereof.

"Code" means the Internal Revenue Code of 1986, as amended.

"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 Copper & Smith, P.C., Harrisonburg, Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from FEMA Grant Receipts, the total of which are equal in amount to the FEMA Grant.

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

"FEMA" means the Federal Emergency Management Agency and any successor to the functions of the FEMA.

"FEMA Grant" means the grant from the FEMA pursuant to the commitment therefor.

"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, as may hereafter be constituted, and includes the sanitary board of the Issuer, unless the context otherwise requires or renders it inapplicable.

"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 Agreement" means a written commitment for the payment of the FEMA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is to be paid to the Issuer; provided that, "FEMA Grant Agreement" means only the Grant Agreement relating to the FEMA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "FEMA Grant Receipts" means only Grant Receipts on account of the FEMA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the FEMA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment

proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in clauses (i) and (ii) above) of the Bonds, which are held in the Sinking Funds and any other fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service on the Bonds;

(iv) Investment Property (herein defined) pledged as security for payment of Debt Service on the Bonds by the Issuer;

(v) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(vi) Amounts received as a result of investing amounts described in this definition.

"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, and for the furnishing by the Issuer of miscellaneous service.

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

"Independent Certified Public Accountants" shall mean 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.

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means The Town of Franklin, in Pendleton County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated March 17, 1987, attached hereto as a part hereof, entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, ratified and confirmed and the execution and delivery by the Issuer authorized, ratified and confirmed by, this Ordinance or an ordinance or resolution enacted or adopted by the Issuer prior to the enactment of this Ordinance.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or "GAN" means, collectively, the not more than $300,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $300,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless

the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $275,000 in aggregate principal amount of Series 1987 A Bonds and the not more than $75,000 in aggregate principal amount of Series 1987 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, such original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means any other grant hereafter received by the Issuer to aid in financing any Costs.

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of sewer lines and a secondary treatment plant consisting of a partial mix lagoon system with ultraviolet disinfection and cascade aeration and all necessary appurtenances.

"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; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations 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 FDIC or Federal Savings and Loan Insurance Corporation, 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 holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The Investment Agreement which, in the event Notes are issued, may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

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

(j) With respect to the Notes only, 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 Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 1987 A Bonds" or "Series A Bonds" means the not more than $275,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer.

"Series 1987 A Bonds Reserve Account" means the Series 1987 A Bonds Reserve Account established in the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1987 A Bonds in any year.

"Series 1987 A Bonds Sinking Fund" means the Series 1987 A Sinking Fund established by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" means the not more than $75,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" means the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" means the Series 1987 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, 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 other than the GAN, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations other than the GAN are to be used to pay Costs of the Project.

"System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Issuer and under the supervision and control of a sanitary board of the Issuer and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, and its successors and assigns.

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

## ARTICLE II

## AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $1,047,132, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1987 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes as set forth in a Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $350,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," in the aggregate principal amount of not more than $275,000, and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than $75,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds and after crediting the Bond Construction Trust Fund therewith) and capitalization of interest shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate

principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof (except to the extent such subsequent series is issued for the purpose of paying the Costs of completion of the Project), all as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds 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 any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial

Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe

and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and the proceeds, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1987 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1987 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, 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 1987 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF FRANKLIN
SEWER REVENUE BOND, SERIES 1987 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF FRANKLIN, a municipal corporation of the State of West Virginia in Pendleton 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 _____ ($_____), in installments on _____ of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on _____ and _____ in each year, beginning _____, 19___. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewage [treatment, collection and transportation] facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] during the construction of the Project and for approximately _____ months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1987, and _____, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds, except with respect to the Series 1987 B Bonds Reserve Account established with respect to the Series 1987 B Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds, herein defined (the "Series 1987 A Bonds Reserve Account"), moneys in the Bond Construction Trust Fund created under the Bond Legislation until applied to the construction of the Project and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with

other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds, provided, however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF FRANKLIN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of]

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1987 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF FRANKLIN
SEWER REVENUE BOND, SERIES 1987 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF FRANKLIN, a municipal corporation of the State of West Virginia in Pendleton 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 _____ ($_____), in annual installments on _____ of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond 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 Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewage [treatment, collection and transportation] facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1987, and _____, 1987 (collectively called the "Bond

Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER (THE "SERIES 1987 A BONDS"), ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION, EXCEPT WITH RESPECT TO THE SERIES 1987 B BONDS RESERVE ACCOUNT.

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 Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF FRANKLIN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

## EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of]

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified, approved and confirmed.

## ARTICLE IV

## INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $300,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used. The Notes shall not be secured by a pledge of or lien on any Revenues of the System, except for Surplus Revenues if so provided in the Indenture.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, Surplus Revenues, letter of credit proceeds, if any, and other sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of

certain certificates, the sum or sums set forth therein but not to exceed $300,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

## ARTICLE V

## SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1987 A Bonds Sinking Fund;

(a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.

(2) Series 1987 B Bonds Sinking Fund;

(a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

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

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 A Bonds, if not fully funded upon issuance of the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1987 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1987 A Bonds 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, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1987 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 B Bonds, if not fully funded upon issuance of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1987 B Bonds Reserve Requirement.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall

become due. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of each series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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 said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

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 the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

## ARTICLE VI

## BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1987 A Bonds, after crediting such amounts to the Bond Construction Trust Fund, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project (including temporary loans from the Authority), and interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1987 A Bonds, there shall next be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of acquisition and construction of the Project.

C. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Reserve Account and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts, after first crediting such amounts to the Bond Construction Trust Fund.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds. In the event that Notes are issued, the

disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1987 A Bonds Reserve Account to the extent not fully funded, and when fully funded, to the Series 1987 B Bonds Reserve Account to the extent not fully funded, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the

Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1987 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1987 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted February 10, 1987.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds 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. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

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, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such

sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1987 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for

payment from such revenues and in all other respects, to the Series 1987 A Bonds and the Series 1987 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1987 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1987 A Bonds, unless the Series 1987 B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(C) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1987 A Bonds and the Series 1987 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1987 A Bonds or the Series 1987 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee 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. 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 Governing Body. The

Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, 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 shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the

System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the respective requirements therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. 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 expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the

Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. 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 7.12. 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 of the Issuer, 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 30 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 and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. 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 the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar

circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the 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:

(A) 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 said 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 interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof.

(B) 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 $100,000 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.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be

performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(D) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Issuer requires the contractor to maintain builder's risk insurance as provided in the Loan Agreement, 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.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the

tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON-ARBITRAGE

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations, and (ii) it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for Federal

income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebates of Excess Arbitrage Earnings. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1987 will not exceed $5,000,000. Therefore, the Issuer believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements the Issuer hereby covenants to rebate to the United States Government the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

## ARTICLE IX

## DEFAULT AND REMEDIES

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

(A) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

(C) 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.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1987 B Bonds shall be subject to those of the Holders of the Series 1987 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond 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 on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her 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 Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and

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

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

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

## ARTICLE X

## DEFEASANCE

Section 10.01. Defeasance of Series 1987 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1987 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or

its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1987 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of and interest on such Series 1987 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the

purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or 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 respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or 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 exemption from federal income taxation of interest on the Bonds and/or the Notes.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this 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, the Indenture, if any, the Bonds or the Notes, if any.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict

with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Pendleton Times, a qualified newspaper published in The Town of Franklin, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Town Council upon a date certain, not less than ten days subsequent to the date of the first publication of this Ordinance and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during

office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

| | | |
|---|---|---|
| Passed on First Reading | - | May 5, 1987 |
| Passed on Second Reading | - | May 12, 1987 |
| Passed on Final Reading Following Public Hearing | - | May 26, 1987 |

Bruce A. Minor
Mayor

M. L. Spruch
Recorder

:tions
take

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the uncil of THE TOWN OF FRANKLIN on this 26th day of May, 1987.

EAL]

M. L. Sprague
Recorder

/01/87
KNS2-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]

State of West Virginia
# WATER DEVELOPMENT AUTHORITY

**180 Association Drive, Charleston, WV 25311-1217**
**(304) 558-3612 - (304) 558-0299 (Fax)**
**Internet: www.wvwda.org - Email: contact@wvwda.org**

February 11, 2003

The Town of Franklin
Sewer Revenue Bonds, Series 2003
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Series 1987 A Bonds and Series 1987 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2003 (West Virginia SRF Program) (the "Series 2003 Bonds"), in the original aggregate principal amount of $1,332,645, by The Town of Franklin (the "Issuer"), under the terms of the ordinance authorizing the Series 2003 Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1987 A (the "Series 1987 A Bonds") and senior to the Issuer's outstanding Sewer Revenue Bonds, Series 1987 B (the "Series 1987 B Bonds," and collectively with the Series 1987 A Bonds, the "Prior Bonds"). This consent has been granted in reliance upon the certification of Gohdes & Thomas, independent certified public accountants, that the Issuer has met the coverage and parity tests set forth in the ordinance authorizing the Prior Bonds.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

Auto & Gen Liability Policy

RECEIVED JUL 05 2002



STATE OF WEST VIRGINIA

NATIONAL UNION FIRE INSURANCE CO.
OF PITTSBURGH, PA. 70 PINE STREET
NEW YORK, NY 10270

ADDITIONAL INSURED:

TOWN OF FRANKLIN
P. O. 483
FRANKLIN, WV 26807

CERTIFICATE NO: L 0559 - Jul 10, 1986

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 6125397 and Automobile Policy CA 5349301 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

This certificate presents a summary of coverage. The policies may be inspected at the office of the Board of Risk and Insurance Management, 90 MacCorkle Avenue SW, Suite 203 South Charleston, WV 25303 during its regular business hours. Reproduction of the policies shall be at cost.

COVERAGE PERIOD

From: Jul 1, 2002 To: Jul 1, 2003 12:01 Eastern Standard Time.

COVERAGE AFFORDED

The Additional Insured is Insured for the following Coverages:

Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Insurance
Comprehensive Auto Liability Insurance
Auto Physical Damage Insurance, including comprehensive and collision, and
Garagekeepers Insurance

LIMITS OF LIABILITY

EACH OCCURRENCE.

$1,000,000 each occurrence for all coverage combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS.

The auto physical damage limit is the actual cash value of each vehicle, including mobile equipment, subject to a $1,000 deductible.

DEFENSE COSTS.

Defense costs are in addition to the each occurrence limit of liability.

NOTICE OF CLAIM

All notice of claim should be sent to:

Claim Manager
West Virginia Board of Risk and Insurance Management
90 MacCorkle Avenue S.W.
Suite 203
South Charleston, West Virginia 25303
(304) 766-2646, (800) 345-4669 FAX: (304) 766-2653

OTHER PROVISIONS

SUBJECT TO POLICY TERMS.

The insurance evidenced by this Certificate is subject to all of the terms, conditions, exclusions and definitions in the policies.

OTHER INSUREDS.

The members of the governing body of the Additional Insured named above, its elected or appointed officials, executive officers, directors, commissioners, board members, volunteer workers, student teachers, and employees are also insureds under the policies while acting within the scope of their duties as such.

STATUTORY IMMUNITIES.

It is a condition precedent of coverage under the policies that the Additional Insured does not waive any statutory or common law immunity conferred upon it.

EXCESS COVERAGE.

If the Additional Insured has other primary insurance for the hazards covered by the above policies, the coverage afforded by this certificate does not apply to losses occurring before the expiration or termination date of the other insurance except to the extent that the amount of loss exceeds the limit of liability of the other insurance, but then only for an amount not exceeding the difference between $1,000,000 and the limit of liability of the other insurance.

PRIOR CLAIMS MADE COVERAGE.

As the insurance under this Certificate renews certain liability coverages previously insured on a claims made policy form, the insurance under this Certificate shall apply to a claim or loss reported during the Certificate Coverage Period that occurred prior to the effective date of the Certificate if the claim or loss would have been covered by the prior claims made policy provided that the claim or loss is also within the scope of coverage afforded by the policy issued to the State of West Virginia and not excluded therein. However, in no event shall coverage apply to a claim or loss occurring prior to the RETRO DATE, if any, stated below.

RETRO DATE: Jul 10, 1986

BY: Charles E. Jones Jr. DATED: June 28, 2002
AUTHORIZED REPRESENTATIVE

**Addition and Deduction Endorsement for Position or Name Schedule Bond**

☐ **Westfield Insurance Co.**
☐ **Westfield National Insurance Co.**
☒ **Ohio Farmers Insurance Co.**

Westfield Group SM
Westfield Center, Ohio 44251-5001

COPY

Notice No. 1.

Date 9-27-02
Agent Pendleton Co. Ins. Agcy.

WHEREAS, Company indicated above, hereinafter called Underwriter upon Bond No. 440 979, in favor of Town of Franklin (Insured) doe hereby:

(a) Add to the schedule attached to said bond the Employee(s) or Position(s) named in column 3 hereof, in the amount(s) stated in colun 4, such addition(s) to be effective on and after the date(s) stated in column 1 hereof, opposite the name(s) of such Employee(s) or Position(s)

(b) Deduct from said schedule the Employee(s) or Position(s) named in column 3 hereof, presently covered in the amount(s) stated column 5, such deduction(s) to be effective on and after the date(s) stated in column 1 hereof, opposite such name(s) or position(s).

(Where there is a change in the amount of coverage on an Employee or Position, the old amount is shown as a deduction in column 5, a the new amount is shown as an addition in column 4.)

| Effective Date 1. | Acceptance No. 2. | 3. | | Amount for Which Added 4. | Amount for Which Deducted 5. | Additional Premium 6. | Return Premium 7. | REMARKS 8. |
|---|---|---|---|---|---|---|---|---|
| 9-24-02 | 2. | NAME Alice B. Hartman | | | $10,000 | | | |
| | | LOCATION Franklin, WV | POSITION | | | | | |
| 9-24-02 | 5. | NAME Patrick Godfrey | | $10,000 | | | | |
| | | LOCATION Franklin, WV | POSITION | | | | | |
| | | NAME | | | | | | |
| | | LOCATION | POSITION | | | | | |
| | | NAME | | | | | | |
| | | LOCATION | POSITION | | | | | |
| | | NAME | | | | | | |
| | | LOCATION | POSITION | | | | | |
| | | NAME | | | | | | |
| | | LOCATION | POSITION | | | | | |

Provided that said bond shall be subject to all its agreements, conditions and limitations except as herein expressly modified.

Total Premium Added $ 0
Total Premium Deducted $ 0
Net ___ Premium $ 0

The above changes have been made pursuant to request by the Insured and/or cancellation by the Underwriter.
PLEASE ADVISE OF ANY ERRORS OR OMISSIONS.

☐ WESTFIELD INSURANCE COMPANY
☐ WESTFIELD NATIONAL INSURANCE COMPANY
☒ OHIO FARMERS INSURANCE COMPANY

By Joan Morgan
Joan Morgan (Attorney-In-Fact)

BD 5120 OFWWN (3-99)

Linda -
Current as of
10.21.99 CIY

# ...SURANCE COMPANY
# WESTFIELD CENTER, OHIO 44251-5001

Schedule Effective 10-3- 19 96. to be attached to Bond No. 440.979

Issued in favor of Town of Franklin

The agreed premium for the above bond is accepted upon the following terms and conditions: That this schedule supersedes all prior schedules attached to the bond, and only those individuals whose names and positions (if the bond is a name schedule) or positions only (if the bond is a position schedule) appear on this schedule are covered under the bond on and after the first day of the current premium period; that the coverage on each individual is continuous from its inception to its termination, and the coverage for separate periods shall not be cumulative; that if the coverage on any individual for separate periods be for different amounts, the maximum liability of the Company for all defaults of that individual shall be governed by the provisions of the bond, and shall in no event exceed the largest amount of coverage in force during any period within which defaults shall have occurred, nor shall the coverage for one period be available for defaults occurring within any other period.

[X] OHIO FARMERS INSURANCE COMPANY
[ ] WESTFIELD INSURANCE COMPANY

By Joan Morgan Attorney-in-Fact

Form ..... Rate ..... Agency Pendleton County Insurance

| Notice No. | Acc. No. | Date of Add. | (Insert Name and Position if Name Schedule; Position only if Position Schedule) NAME | POSITION | LOCATION | AMOUNT | PREM. | Date of Ded. |
|---|---|---|---|---|---|---|---|---|
| | 1. | | Linda May | | Franklin, WV | $10,000 | $75.00 | |
| | 2. | | Alice B. Hartman | | Franklin, WV | $10,000 | $35.00 | |
| | 3. | | Kimberly Pitsenbarger | | Franklin, WV | $ 1,000 | $ 3.50 | |
| | 4. | | Genevieve Glover | | Franklin, WV | $10,000 | $35.00 | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

RECEIVED
SEP 2 ...
Pend. Co. Ins.

BD 5116 - L (5/92)

STATE FARM INSURANCE COMPANIES

State Farm Fire and Casualty Company

One State Farm Drive
Frederick, MD 21709-1000

N-1340-F659 FU 3

TOWN OF FRANKLIN
P O BOX 483
FRANKLIN WV 26807-0483

Location: MAIN ST
FRANKLIN WV

**Forms, Options, and Endorsements**

| | |
|---|---|
| Special Form 3 | FP-6103 |
| Amendatory Endorsement | FE-6248 |
| Tree Debris Removal | FE-6451 |
| Policy Endorsement - Business | FE-6464 |
| Glass Deductible Deletion | FE-6538.1 |
| Amended Appraisal Condition | FE-6557 |

## RENEWAL CERTIFICATE

| | |
|---|---|
| POLICY NUMBER | 97-31-8391-0 |
| BUSINESS OFFICE | |
| JAN 30 2002 to JAN 30 2003 | |
| DATE DUE | PLEASE PAY THIS AMOUN |
| JAN 30 2002 | $248.4 |

**Coverages and Limits**

**Section I**

| | | |
|---|---|---|
| A | Buildings | Excluded |
| B | Business Personal Property | $29,700 |
| C | Loss of Income | Actual Loss |

**Deductibles - Section I**

| | |
|---|---|
| Basic | 100 |
| Other deductibles may apply - refer to policy | |

**Section II**

| | | |
|---|---|---|
| L | Business Liability | Excluded |
| M | Medical Payments | Excluded |
| | Gen Aggregate (Other than PCO) | Excluded |
| | Products-Completed Operations (PCO Aggregate) | Excluded |

| | |
|---|---|
| **Annual Premium** | $246 |
| West Virginia Surcharge | 2 |
| **Amount Due** | $248 |

**Premium Reductions**

Your premium has already been reduced by the following:

Renewal Year Discount
Yrs in Business Discount
Claim Record Discount

Cov. A - Inflation Index: N/A
Cov. B - Consumer Price: 178.3

80924. → 82.82
81798. → 82.82
14400 2602 → 82.82
248.46

*Thanks for letting us serve you...*

Agent JIM BROWN
Telephone (304) 358-2217 or (304) 358-2255

Prepared DEC 06 2001

*See reverse side for important information.*
*Please keep this part for your record.*

STATE FARM INSURANCE COMPANIES

State Farm Fire and Casualty Company

One State Farm Drive
Frederick, MD 21709-1000

N-1340-F659 FN 3

TOWN OF FRANKLIN
204 N MAIN ST
FRANKLIN WV 26807

RECEIVED MAR 25 2002

# RENEWAL CERTIFICATE

| POLICY NUMBER | [redacted] |
|---|---|
| BUSINESS MISCELLANEOUS PROGRAM<br>MAY 19 2002 to MAY 19 2003 | |
| **DATE DUE** | **PLEASE PAY THIS AMOUNT** |
| MAY 19 2002 | $1,375.62 |

**Coverages and Limits**

**Section I**

| | | |
|---|---|---|
| A | Buildings | [redacted] |
| B | Business Personal Property | See Schedule |
| C | Loss of Income | Actual Loss |

**Deductibles - Section I**

| | |
|---|---|
| Basic | 500 |
| Other deductibles may apply - refer to policy | |

**Section II**

| | | |
|---|---|---|
| L | Business Liability | Excluded |
| M | Medical Payments | Excluded |
| | Gen Aggregate (Other than PCO) | Excluded |
| | Products-Completed Operations (PCO Aggregate) | Excluded |

Locations: Refer to schedule page

**Forms, Options, and Endorsements**

| | |
|---|---|
| Special Form 3 | FP-6103 |
| Amendatory Endorsement | FE-6248 |
| Tree Debris Removal | FE-6451 |
| Policy Endorsement - Business | FE-6464 |
| Glass Deductible Deletion | FE-6538.1 |
| Amended Appraisal Condition | FE-6557 |

| | |
|---|---|
| **Annual Premium** | $1,362.00 |
| West Virginia Surcharge | 13.62 |
| **Amount Due** | $1,375.62 |

**Premium Reductions**

Your premium has already been reduced by the following:

Renewal Year Discount
Yrs in Business Discount
Claim Record Discount
Age of Building Discount

Cov. A - Inflation Index: 141.2
Cov. B - Consumer Price: 178.3

489.85 + 81.81 = 571.66 → 80924.
489.85 + 81.81 = 571.66 → 81798.
81.81 → 144002602

101.00 → 30531.
49.49 → 30515.

74 3020 4387

*See reverse side for important information.*
*Please keep this part for your record.*

*Thanks for letting us serve you...*

Agent JIM BROWN
Telephone (304) 358-2217 or (304) 358-2255

Prepared MAR 20 2002

Policy Number
9-34-0782-8

# DECLARATIONS PAGE

AMENDED AUG 4 1999

**STATE FARM FIRE AND CASUALTY COMPANY**
ONE STATE FARM DRIVE, FREDERICK MD 21709-1000
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

**Named Insured and Mailing Address**
1340-F659 N

TOWN OF FRANKLIN
PO BOX 483
FRANKLIN WV 26807-0483

**BUSINESS POLICY - SPECIAL FORM 3**

**Cov B - Consumer Price Index: 164.5**
**Inflation Coverage Index: See Schedule Page**

AUTOMATIC RENEWAL - If the **POLICY PERIOD** is shown as **12 MONTHS,** this policy will be renewed automatical subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we w give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

**Policy Period:** 12 Months
**Effective Date:** MAY 19 1999
**Expiration Date:** MAY 19 2000

The policy period begins and ends at 12:01 am standard time at the premises location.

Named Insured: Corporation

**Location of Covered Premises:**

**See Schedule Page(s) for Location of Premises and Section I Coverage Information

Your policy is amended AUG 4 1999
BUILDING COVERAGE ADDED
AGE OF BUILDING DISCOUNT CHANGED

| Coverages & Property | Limits of Insurance |
|---|---|
| Section I | |
| A Buildings | $ ** |
| B Business Personal Property | $ ** |
| C Loss of Income | $ Actual Loss |
| Section II | |
| L Business Liability | Excluded |
| M Medical Payments | Excluded |
| Products-Completed Operations (PCO) Aggregate | Excluded |
| General Aggregate (Other Than PCO) | Excluded |

**Deductibles - Section I**

$ 250 Basic

In case of loss under this policy, the deductible will applied to each occurrence and will be deducted from t amount of the loss. Other deductibles may apply - refer policy.

**Forms, Options, and Endorsements**

| | |
|---|---|
| Special Form 3 | FP-6103 |
| Amendatory Endorsement | FE-6248 |
| Tree Debris Removal | FE-6451 |
| Policy Endorsement - Business | FE-6464 |
| Glass Deductible Deletion | FE-6538.1 |

| | | |
|---|---|---|
| Endorsement Premium Increase | $ | 11.84 |
| W Virginia Surcharge | $ | .12 |

Discounts Applied:
Renewal Year
Years in Business
Age of Building

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

Prepared
SEP 07 1999
FP-8030.2C AUFT
06/1993

**Countersigned** Sept 16, 1919
By Jim Brown Agent
**JIM BROWN**
(304) 358-2217

**Your policy consists of this page, any endorsements and the policy form. PLEASE KEEP THESE TOGETHER.**

(o1f21

icy Number
/-34-0782-8

# SCHEDULE PAGE

**STATE FARM FIRE AND CASUALTY COMPANY**
ONE STATE FARM DRIVE, FREDERICK MD 21709-1000
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Named Insured and Mailing Address
1340-F659 N

TOWN OF FRANKLIN
PO BOX 483
FRANKLIN WV 26807-0483

EFFECTIVE DATE
MAY 19 1999

ISINESS POLICY - SPECIAL FORM 3

THE LOCATION OF PREMISES IS EXTENDED TO INCLUDE THE FOLLOWING. INSURANCE IS PROVIDED SUBJECT TO ALL THE TERMS OF THIS POLICY INCLUDING FORMS, OPTIONS AND ENDORSEMENTS MADE A PART HEREOF:

| Location Number | Location of Premises | Limit of Insurance BUILDING | Business Personal Property |
|---|---|---|---|
| 1. | LAB AT END OF LEE DR<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.0 | $ 34,800 | $ 66,100 |
| 2. | FILTER PLANT AT DRY RUN RD<br>2 MI S OF INT W/THORN CR RD<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.0 | $ 34,800 | $ 35,000 |
| 3. | STORAGE SHED END OF MILL RD<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.0 | $ 17,600 | $ 10,000 |
| 4. | CONCESSION STAND<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.2 | $ 10,000 | $ 2,000 |
| 5. | PAVILLION<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.2 | $ 3,500 | Excluded |
| 6. | BALLFIELD FENCE<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.2 | $ 6,000 | Excluded |
| 7. | TENNIS FENCE<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.2 | $ 6,000 | Excluded |
| 8. | PAVILLION AT TOWN PARK<br>MILLWOOD RD<br>FRANKLIN WV 26807<br>INFLATION COVERAGE INDEX:133.3 | $ 3,500 | Excluded |

pared
07 1999

(o1f2173b)

E FARM INSURANCE COMPANIES

State Farm Fire and Casualty Company

One State Farm Drive
Frederick, MD 21709-1000

Z-1340-F659 F D

TOWN OF FRANKLIN
PO BOX 483
FRANKLIN WV 26807-0483

Location: MAIN ST
FRANKLIN WV

81798.

**Forms and Endorsements**

| | |
|---|---|
| Flood Policy - Gen Prop Form | FP-8920.4 |

## RENEWAL CERTIFICATE

| POLICY NUMBER | [redacted] |
|---|---|
| [redacted] | |

| DATE DUE | PLEASE PAY THIS AMOUI |
|---|---|
| MAY 28 2002 | $396.( |

**Coverages and Limits**

| | | |
|---|---|---|
| A | Building | $22,00( |
| B | Contents | 23,00( |
| C | Other Coverages | *: |
| D | Increased Cost of Compliance | *: |

**Deductibles**

| | |
|---|---|
| Building | $50( |
| Contents | $50( |

Flood Hazard Zone A

| | |
|---|---|
| **Annual Premium** | $363. |
| **Federal Policy Fee** | $30. |
| West Virginia Surcharge | 3. |
| **Amount Due** | $396. |

Cov. A - Inflation Index: N/A
Cov. B - Consumer Price: N/A

Full premium payment will provide continuous coverage until MAY 28 2003.

**See policy booklet for explanation of coverage.

*Thanks for letting us serve you...*
Agent JIM BROWN
Telephone (304) 358-2217 or (304) 358-2255

Prepared APR 12 2002

74 3028 2764

*See reverse side for important information.*
*Please keep this part for your record.*

# STANDARD FLOOD INSURANCE POLICY

## GENERAL PROPERTY FORM

PLEASE READ THE POLICY CAREFULLY. THE FLOOD INSURANCE PROVIDED IS SUBJECT TO LIMITATIONS, RESTRICTIONS, AND EXCLUSIONS.

THIS POLICY PROVIDES NO COVERAGE:

1. IN A REGULAR PROGRAM COMMUNITY, FOR A RESIDENTIAL CONDOMINIUM BUILDING, AS DEFINED IN THIS POLICY; AND
2. EXCEPT FOR PERSONAL PROPERTY COVERAGE, FOR A UNIT IN A CONDOMINIUM BUILDING.

## I. AGREEMENT

State Farm Fire and Casualty Company provides flood insurance under the terms of the National Flood Insurance Act of 1968 and its amendments, and Title 44 of the Code of Federal Regulations (CFR).

We will pay you for **direct physical loss by or from flood** to your insured property if you:

1. Have paid the correct premium;
2. Comply with all terms and conditions of this **policy**; and
3. Have furnished accurate information and statements.

We have the right to review the information you give us at any time and to revise your **policy** based on our review.

## II. DEFINITIONS

A. In this **policy**, "you" and "your" refer to the insured(s) shown on the **Declarations Page** of this **policy**. "Insured(s)" includes: Any mortgagee and loss payee named in the **Application** and **Declarations Page**, as well as any other mortgagee or loss payee determined to exist at the time of loss in the order of precedence. "We," "us," and "our" refer to the insurer.

Some definitions are complex because they are provided as they appear in the law or regulations, or result from court cases. The precise definitions are intended to protect you.

**Flood**, as used in this flood insurance **policy**, means:

1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
   a. Overflow of inland or tidal waters;
   b. Unusual and rapid accumulation or runoff of surface waters from any source;
   c. **Mudflow**.
2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a **flood** as defined in **A.1.a.** above.

B. The following are the other key definitions that we use in this **policy**:

1. **Act.** The National Flood Insurance Act of 1968 and any amendments to it.
2. **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
3. **Application.** The statement made and signed by you or your agent in applying for this **policy**. The **application** gives information we use to determine the eligibility of the risk, the kind of **policy** to be issued, and the correct premium payment. The **application** is part of this flood insurance **policy**. For us to issue you a **policy**, the correct premium payment must accompany the **application**.
4. **Base Flood.** A flood having a one percent chance of being equaled or exceeded in any given year.