

THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

Date of Closing: June 8, 1987

BOND TRANSCRIPT

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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.

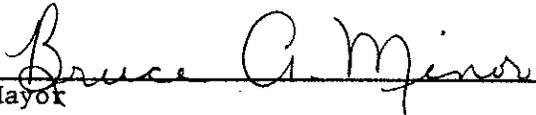
Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive 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

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE TOWN OF FRANKLIN on this 26th day of May, 1987.

[SEAL]

  
Recorder

06/01/87  
FRKNS2-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF THE TOWN OF FRANKLIN; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the town council (the "Governing Body") of The Town of Franklin (the "Issuer"), has duly and officially enacted a bond and notes ordinance, effective May 26, 1987 (the "Bond Ordinance"), entitled:

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.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$350,000, to be issued in two series, the Series 1987 A Bonds to be in an aggregate principal amount of not more than \$275,000 (the "Series 1987 A Bonds") and the Series 1987 B Bonds to be in an aggregate principal amount of not more than \$75,000 (the "Series 1987 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1987 A Bonds dated March 17, 1987, and a supplemental loan agreement relating to the Series 1987 B Bonds, also dated March 17, 1987 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices 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 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 and that the Loan Agreement be entered into and approved, ratified and confirmed by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates 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:

(A) The Sewer Revenue Bonds, Series 1987 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$220,741. The Series 1987 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2013, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference. Such Schedule X, as submitted to this meeting and made a part of this Supplemental Resolution as though set forth in full herein, shall be and the same is hereby approved.

(B) The Sewer Revenue Bonds, Series 1987 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$52,655. The Series 1987 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2013, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference. Such Schedule X, as submitted to this meeting and made a part of this Supplemental Resolution as though set forth in full herein, shall be and the same is hereby approved.

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

Section 3. The Issuer does hereby approve, accept, ratify and confirm the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby

ratified, approved and confirmed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds 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 Kanawha Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

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

Section 7. None of the Series 1987 A Bond proceeds shall be deposited in the Series 1987 A Sinking Fund, as capitalized interest.

Section 8. None of the Series 1987 A Bond proceeds and none of the Series 1987 B Bond proceeds shall be deposited in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account, respectively.

Section 9. The Mayor and 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 June 8, 1987, to the Authority pursuant to the Loan Agreement.

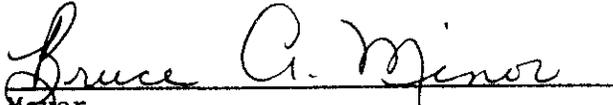
Section 10. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

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

Adopted this 2nd day of June, 1987.

THE TOWN OF FRANKLIN

  
\_\_\_\_\_  
Mayor

06/05/87  
FRKNS1-F



RECEIVED

MAR 19 1987

WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

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

TOWN OF FRANKLIN

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan 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 made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

1.7 "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.

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

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

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

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at 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 in respect of the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as

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 Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

### ARTICLE III

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

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

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local 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 Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) 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 and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

## ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(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 or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (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 Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That 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 Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency 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 or payable from the revenues of the System prior to the Local Bonds; 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 Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency 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 as provided by law;

(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 Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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, except for accrued interest and capitalized interest, if any, must 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 Governmental Agency and on which the owner 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 for non-construction costs); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan

shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 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 Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

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

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

#### ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably cove-

nants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 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 minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 The Governmental Agency 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 Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the tax-exempt status of the Local Bonds.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule 2 attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

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

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

TOWN OF FRANKLIN

[Proper Name of Governmental Agency]

(SEAL)

By Bruce A. Minter  
Its Mayor

Attest:

Date: 3/17/87

M. S. Spradell  
Its Recorder

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By Eleri N. Lewis  
Director

Attest:

Date: 5/08/87

Samuel B. York  
Secretary-Treasurer

WDA-5X  
(October 1980)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>220,741</u>
Purchase Price of Local Bonds	\$ <u>220,741</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinated as to source of and security for payment to the following obligations:

Exhibit 1

TOWN OF FRANKLIN  
DEBT SERVICE SCHEDULE  
ANALYSIS OF 7% BORROWING COSTS  
25 PRINCIPAL PAYMENTS

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	5,806.35	5,806.35
10/ 1/1988	0.000	0.00	18,498.10	18,498.10
10/ 1/1989	8.380	2,856.00	18,498.10	21,354.10
10/ 1/1990	8.380	3,095.00	18,258.76	21,353.76
10/ 1/1991	8.380	3,355.00	17,999.40	21,354.40
10/ 1/1992	8.380	3,636.00	17,718.25	21,354.25
10/ 1/1993	8.380	3,941.00	17,413.56	21,354.56
10/ 1/1994	8.380	4,271.00	17,083.30	21,354.30
10/ 1/1995	8.380	4,629.00	16,725.39	21,354.39
10/ 1/1996	8.380	5,016.00	16,337.48	21,353.48
10/ 1/1997	8.380	5,437.00	15,917.14	21,354.14
10/ 1/1998	8.380	5,892.00	15,461.52	21,353.52
10/ 1/1999	8.380	6,386.00	14,967.77	21,353.77
10/ 1/2000	8.380	6,921.00	14,432.62	21,353.62
10/ 1/2001	8.380	7,501.00	13,852.64	21,353.64
10/ 1/2002	8.380	8,130.00	13,224.06	21,354.06
10/ 1/2003	8.380	8,811.00	12,542.77	21,353.77
10/ 1/2004	8.380	9,550.00	11,804.40	21,354.40
10/ 1/2005	8.380	10,350.00	11,004.11	21,354.11
10/ 1/2006	8.380	11,217.00	10,136.78	21,353.78
10/ 1/2007	8.380	12,157.00	9,196.80	21,353.80
10/ 1/2008	8.380	13,176.00	8,178.04	21,354.04
10/ 1/2009	8.380	14,280.00	7,073.89	21,353.89
10/ 1/2010	8.380	15,477.00	5,877.23	21,354.23
10/ 1/2011	8.380	16,774.00	4,580.26	21,354.26
10/ 1/2012	8.380	18,180.00	3,174.60	21,354.60
10/ 1/2013	8.380	19,703.00	1,651.11	21,354.11
		220,741.00	337,414.43	558,155.43

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED  
FILENAME: KBFR , 20-MAY-87,

COPY

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if 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 Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

WDA-5Z-Municipal Sewer (EPA)  
(October 1986)

## SCHEDULE Z

### Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.
3. "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 Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

### Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the

services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;

- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.



MAR 19 1987

WDA-Supp. 5  
(October 1986)

WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

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

TOWN OF FRANKLIN

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W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

## 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 constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project

facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at 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 in respect of the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as 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 Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

### ARTICLE III

#### Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of

the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

#### ARTICLE IV

#### Supplemental Bonds; Security for Supplemental Loan; Repayment of Supplemental Loan; No Interest on Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(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 the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, 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 the Supplemental Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That 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 Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency 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 Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds 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 Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental 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 Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency 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 Supplemental Bonds, the right to obtain the

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(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 Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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 Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental 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 Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

#### ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 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 and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Supplemental Loan.

ARTICLE VII

Miscellaneous

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

7.2 Schedule X shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

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

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

TOWN OF FRANKLIN  
[Proper Name of Governmental Agency]

(SEAL)

By Bruce R. Miner  
Its Mayor

Attest:

Date: 3/17/87

M. G. [Signature]  
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar N. [Signature]  
Director

Attest:

Date: 5/08/87

Daniel B. [Signature]  
Secretary-Treasurer

WDA-Supp. 5X  
(November 1985)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>52,655.00</u>
Purchase Price of Supplemental Bonds	\$ <u>52,655.00</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, other than the Local Bonds:

Exhibit 1

TOWN OF FRANKLIN  
DEBT SERVICE SCHEDULE  
ANALYSIS OF 7% BORROWING COSTS  
25 PRINCIPAL PAYMENTS

MATURITY DATE	ZERO COUPON BONDS
10/ 1/1987	0.00
10/ 1/1988	0.00
10/ 1/1989	2,106.20
10/ 1/1990	2,106.20
10/ 1/1991	2,106.20
10/ 1/1992	2,106.20
10/ 1/1993	2,106.20
10/ 1/1994	2,106.20
10/ 1/1995	2,106.20
10/ 1/1996	2,106.20
10/ 1/1997	2,106.20
10/ 1/1998	2,106.20
10/ 1/1999	2,106.20
10/ 1/2000	2,106.20
10/ 1/2001	2,106.20
10/ 1/2002	2,106.20
10/ 1/2003	2,106.20
10/ 1/2004	2,106.20
10/ 1/2005	2,106.20
10/ 1/2006	2,106.20
10/ 1/2007	2,106.20
10/ 1/2008	2,106.20
10/ 1/2009	2,106.20
10/ 1/2010	2,106.20
10/ 1/2011	2,106.20
10/ 1/2012	2,106.20
10/ 1/2013	2,106.20
	<hr/>
	52,655.00

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED  
FILENAME: KBFR , 20-MAY-87,

COPY

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth ( $1/6$ ) of the interest payment next coming due on the Local Bonds and one-twelfth ( $1/12$ ) of the principal payment next coming due on the Local Bonds and, if 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 Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth ( $1/12$ ) of one-tenth ( $1/10$ ) of the amount necessary to fund the Reserve Account at 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) as prescribed by the Loan Agreement, 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;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth ( $1/12$ ) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

COPY

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.
3. "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 Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental

Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: May 4, 1987

CASE NO. 87-117-S-CN

TOWN OF FRANKLIN, a municipal corporation, Pendleton County.

Application for a certificate of convenience and necessity to construct sewer lines and a secondary treatment plant consisting of a partial mix lagoon system with ultraviolet disinfection and cascade aeration, at Franklin, Pendleton County.

FINAL ORDER

On February 23, 1987, the Town of Franklin (hereinafter "Town"), a municipal corporation, Pendleton County, filed an application, duly verified, for a certificate of public convenience and necessity to construct sewer lines and a secondary treatment plant consisting of a partial mix lagoon system with ultraviolet disinfection and cascade aeration, at Franklin, Pendleton County. The Town states in its application that construction will be under two contracts. Contract No. 1 will consist of the renovation and expansion of all treatment facilities including a 365 gpm central pump station, a four (4) cell aerated lagoon, ultraviolet disinfection and cascade aeration. Contract No. 2 will consist of construction of sewer lines and manholes that were inundated by flood conditions during November, 1985.

The Town estimates in its application that construction will cost approximately \$1,047,132 and will be financed by a Federal Emergency Management Agency (FEMA) grant in the amount of \$781,736, and proceeds from a bond issue in the amount of \$265,396. By amended filing of March 28,

1987, the Town has revised the bond issue amount to \$273,396, which includes \$8,000 in financing costs.

By order entered February 26, 1987, the Town of Franklin was required to give notice of the filing of its application by publishing a copy of said order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Pendleton County, making due return to the Commission of proper certification of publication immediately after publication. Said order stated that anyone desiring to make objection to said application must do so, in writing, within thirty (30) days after the publication of said notice. Said order further stated that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application of the Town of Franklin, based upon the evidence submitted with said application and the Commission's review thereof.

On March 28, 1987, the Town of Franklin filed with the Commission an affidavit of newspaper publication of the Commission's February 26, 1987 order in The Pendleton Times, a newspaper published at Franklin, Pendleton County, on March 19, 1987. As a result of said public notice by newspaper publication the Commission has received no letters of public protests to the application of the Town of Franklin for a certificate of public convenience and necessity.

This certificate application filing has been reviewed by the Commission's Staff and the findings of said review and resulting recommendations were filed with the Commission by the April 17, 1987 memorandum of Robert F. Williams, Staff Attorney. Staff reports that the proposed construction is essentially the rebuilding and replacement of an existing sewer system which was devastated by the November, 1985 flood. When said

system is completed it is expected to serve approximately 434 customers. Rates and charges proposed by the Town provide for a declining rate block structure with a minimum bill of \$5.50 per month. Staff reports that on February 10, 1987, the Town of Franklin adopted a rate ordinance pursuant to West Virginia Code §24-2-4b that provides for rates and revenues to support the proposed construction. The Town of Franklin has therefore complied with Commission's policy as expressed in The Town of Ripley, Case No. 83-332-W-CN (May 7, 1984), which requires that a municipality seeking a certificate of public convenience and necessity from this Commission must have in place a proper rate ordinance, implemented pursuant to West Virginia Code §24-2-4b, to support the financing of proposed construction.

Staff concludes in its April 17, 1987 memorandum that upon its review of said application, the proposed project is found to be technically and economically feasible, adequately financed on a permanent and interim basis, and supported by adequate rates. Staff notes that the Pendleton County Bank has provided a letter of commitment to provide a line of credit, as necessary, to provide sufficient cash flow during project construction. Staff thereupon recommends that the certificate be approved.

In consideration of the information and data provided by the Town in its certificate application filing, the Commission Staff review and recommendations resulting therefrom, and of the absence of public protests to said application, it is the Administrative Law Judge's opinion that public hearing on said application may be waived and the sought after certificate of public convenience and necessity granted.

IT IS, THEREFORE, ORDERED that a certificate of public convenience and necessity be, and it hereby is, granted to the Town of Franklin to construct sewer lines and a secondary treatment plant, as proposed in its

February 23, 1987 application filing, at a total project cost of \$1,047,132, to be financed by a FEMA grant in the amount of \$781,736 and proceeds from the Town's bond issue in the amount of \$273,396.

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

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.



Charles D. Perfater  
Administrative Law Judge

CDP:dfs

# Public Service Commission Of West Virginia



201 Brooks Street, P. O. Box 812  
Charleston, West Virginia 25323

\_\_\_\_\_  
Date

TO:

\_\_\_\_\_  
Invoice No.

PLEASE MAKE CHECK PAYABLE TO: PUBLIC SERVICE COMMISSION OF W. VA.

SEND REMITTANCE TO: Public Service Commission of W. Va.  
Attention: Robert L. Stine  
Post Office Box 812  
Charleston, West Virginia 25323

(PLEASE RETURN ONE COPY OF THIS INVOICE WITH REMITTANCE)



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and BRUCE A. MINOR, Mayor of The Town of Franklin (the "Issuer"), hereby certify as follows:

1. On the 8th day of June, 1987, the Authority received the entire original issue of \$273,396 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated June 8, 1987, the Series 1987 A Bond being in the principal amount of \$220,741 and the Series 1987 B Bond being in the principal amount of \$52,655.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Bruce A. Minor, as Mayor of the Issuer, by his manual signature, and by M. L. Sponaugle, Jr., as Recorder of the Issuer, by his manual signature, 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 Bonds, of the proceeds of the Series 1987 A Bonds in the aggregate amount of \$220,741 and proceeds of the Series 1987 B Bonds in the aggregate principal amount of \$52,655, there being no interest accrued thereon.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and THE TOWN OF FRANKLIN has caused this receipt to be executed and delivered by its Mayor, as of this 8th day of June, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky  
Secretary-Treasurer

THE TOWN OF FRANKLIN

By Bruce A. Minor  
Mayor

06/01/87  
FRKNS1-G



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank,  
National Association  
Charleston,  
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of The Town of Franklin Sewer Revenue Bonds, Series 1987 A, in the principal amount of \$220,741 and Bond No. BR-1, constituting the entire original issue of The Town of Franklin Sewer Revenue Bonds, Series 1987 B, in the principal amount of \$52,655 both dated June 8, 1987 (collectively, the "Bonds"), executed by the Mayor and 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 and Notes Ordinance and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated March 17, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$273,396, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be

authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 8th day of June, 1987.

THE TOWN OF FRANKLIN

By Bruce A. Minor  
Mayor

06/01/87  
FRKNS1-H



(SPECIMEN BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE TOWN OF FRANKLIN  
SEWER REVENUE BOND, SERIES 1987 A

No. AR-1

\$220,741

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 TWO HUNDRED TWENTY THOUSAND SEVEN HUNDRED FORTY-ONE DOLLARS (\$220,741), in installments on October 1 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 April 1 and October 1 in each year, beginning October 1, 1987. 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 March 17, 1987.

8

This Bond is issued to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewage facilities of the Issuer (the "Project") and 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 May 26, 1987, and June 2, 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 \$52,655, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the 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 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, moneys in the Bond Construction Trust Fund created under the Bond Legislation until applied to the construction of the Project 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 created under the Bond Legislation for the Bonds (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 June 8, 1987.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

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: June 8, 1987

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	5,806.35	5,806.35
10/ 1/1988	0.000	0.00	18,498.10	18,498.10
10/ 1/1989	8.380	2,856.00	18,498.10	21,354.10
10/ 1/1990	8.380	3,095.00	18,258.76	21,353.76
10/ 1/1991	8.380	3,355.00	17,999.40	21,354.40
10/ 1/1992	8.380	3,636.00	17,718.25	21,354.25
10/ 1/1993	8.380	3,941.00	17,413.56	21,354.56
10/ 1/1994	8.380	4,271.00	17,083.30	21,354.30
10/ 1/1995	8.380	4,629.00	16,725.39	21,354.39
10/ 1/1996	8.380	5,016.00	16,337.48	21,353.48
10/ 1/1997	8.380	5,437.00	15,917.14	21,354.14
10/ 1/1998	8.380	5,892.00	15,461.52	21,353.52
10/ 1/1999	8.380	6,386.00	14,967.77	21,353.77
10/ 1/2000	8.380	6,921.00	14,432.62	21,353.62
10/ 1/2001	8.380	7,501.00	13,852.64	21,353.64
10/ 1/2002	8.380	8,130.00	13,224.06	21,354.06
10/ 1/2003	8.380	8,811.00	12,542.77	21,353.77
10/ 1/2004	8.380	9,550.00	11,804.40	21,354.40
10/ 1/2005	8.380	10,350.00	11,004.11	21,354.11
10/ 1/2006	8.380	11,217.00	10,136.78	21,353.78
10/ 1/2007	8.380	12,157.00	9,196.80	21,353.80
10/ 1/2008	8.380	13,176.00	8,178.04	21,354.04
10/ 1/2009	8.380	14,280.00	7,073.89	21,353.89
10/ 1/2010	8.380	15,477.00	5,877.23	21,354.23
10/ 1/2011	8.380	16,774.00	4,580.26	21,354.26
10/ 1/2012	8.380	18,180.00	3,174.60	21,354.60
10/ 1/2013	8.380	19,703.00	1,651.11	21,354.11
		220,741.00	337,414.43	558,155.43

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED  
FILENAME: KBFR , 20-MAY-87,

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:

\_\_\_\_\_  
06/05/87  
FRKNS1-W



(SPECIMEN BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
THE TOWN OF FRANKLIN  
SEWER REVENUE BOND, SERIES 1987 B

No. BR-1

\$52,655

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 FIFTY-TWO THOUSAND SIX HUNDRED FIFTY-FIVE DOLLARS (\$52,655), in annual installments on October 1 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 March 17, 1987.

This Bond is issued to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewage facilities of the Issuer (the "Project") and 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 May 26, 1987, and June 2, 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 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 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 created under the Bond Legislation for the Bonds (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.

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 June 8, 1987.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

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: June 8, 1987

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

MATURITY DATE	ZERO COUPON BONDS
10/ 1/1987	0.00
10/ 1/1988	0.00
10/ 1/1989	2,106.20
10/ 1/1990	2,106.20
10/ 1/1991	2,106.20
10/ 1/1992	2,106.20
10/ 1/1993	2,106.20
10/ 1/1994	2,106.20
10/ 1/1995	2,106.20
10/ 1/1996	2,106.20
10/ 1/1997	2,106.20
10/ 1/1998	2,106.20
10/ 1/1999	2,106.20
10/ 1/2000	2,106.20
10/ 1/2001	2,106.20
10/ 1/2002	2,106.20
10/ 1/2003	2,106.20
10/ 1/2004	2,106.20
10/ 1/2005	2,106.20
10/ 1/2006	2,106.20
10/ 1/2007	2,106.20
10/ 1/2008	2,106.20
10/ 1/2009	2,106.20
10/ 1/2010	2,106.20
10/ 1/2011	2,106.20
10/ 1/2012	2,106.20
10/ 1/2013	2,106.20
	<hr/>
	52,655.00

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED  
FILENAME: KBFR , 20-MAY-87,

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:

\_\_\_\_\_  
06/05/87  
FRKNS1-X



# STEPTOE & JOHNSON

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June 8, 1987

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CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
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RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

## The Town of Franklin Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by The Town of Franklin (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$220,741 Sewer Revenue Bonds, Series 1987 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 17, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1989 through 2013, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of permanently financing a portion of the costs of acquisition and construction of additions,

betterments and improvements for the existing sewerage facilities of the Issuer (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on May 26, 1987, as supplemented by a supplemental resolution adopted June 2, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that 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 Loan Agreement.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local 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 referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is

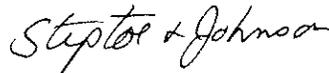
taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

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

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON

06/01/87  
FRKNS1-J



# STEPTOE & JOHNSON

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OF COUNSEL  
ROBERT W. LAWSON, JR.

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RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
LOUIS E. ENDERLE  
ROBERT J. SCHIAVONI

June 8, 1987

### The Town of Franklin Sewer Revenue Bonds, Series 1987 B

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by The Town of Franklin (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia of \$52,655 Sewer Revenue Bonds, Series 1987 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated March 17, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2013, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated March 17, 1987, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to

//

the Loan Agreement and designated "Sewer Revenue Bonds, Series 1987 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, 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 Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on May 26, 1987, as supplemented by a supplemental resolution adopted June 2, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental Loan Agreement.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

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

3. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

4. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

5. The Supplemental 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 referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, junior and subordinate only to that created for the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

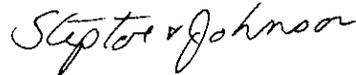
6. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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W. RANDOLPH FIFE

OF COUNSEL

ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

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GARY W. NICKERSON

LOUIS E. ENDERLE

ROBERT J. SCHIAVONI

June 8, 1987

The Town of Franklin  
Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$220,741 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A (the "Local Bonds"), of The Town of Franklin (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code") to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

In the Certificate as to Arbitrage, the Issuer represented, among other things, that (i) the Issuer has general taxing powers to finance operations of or facilities of the nature of the Project; (ii) the Local Bonds are not private activity bonds within the meaning of the Code; (iii) 95% or more of the net proceeds of the Local Bonds are to be used for local governmental activities of the Issuer; (iv) the Issuer and all subordinate entities will issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds as defined in the Code) during the calendar year 1987, being the calendar year in which the Local Bonds are being issued; and (v) the Issuer has issued no other

West Virginia Water Development Authority

Page 2

obligations during such calendar year other than the Series 1987 B Bonds described in such Certificate as to Arbitrage. We express no opinion herein as to the taxability of the interest on the Local Bonds in the event of the failure to comply with the other requirements and restrictions of Section 148 of the Code and any regulations and rulings promulgated thereunder.

Accordingly, it is our opinion that, under existing law, the Local Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate as to Arbitrage, that proceeds of the Local Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

Very truly yours,



STEPTOE & JOHNSON

06/02/87

PETER1-K



SPONAUGLE, SPONAUGLE & BOWERS

ATTORNEYS AT LAW

GEORGE I. SPONAUGLE  
GEORGE I. SPONAUGLE II  
JEFFREY S. BOWERS

BOX 578, CHESTNUT ST.  
FRANKLIN, WV 26807  
PHONE 304-358-2337

June 8, 1987

The Town of Franklin  
Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Steptoe & Johnson  
Post Office Box 2190  
Clarksburg, West Virginia 26301

Gentlemen:

We are counsel to The Town of Franklin, in Pendleton County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and a supplemental loan agreement, both dated March 17, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.
2. The Mayor and members of the council of the Issuer have been duly and properly elected, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.
3. The Local Act has been duly enacted and adopted 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 Loan Agreement, 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 agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

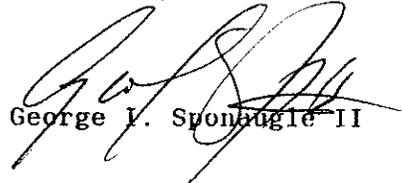
5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, acquisition and construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from 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. The respective times for appeal of such rate ordinance and orders and approvals of the Public Service Commission of West Virginia have expired prior to the date hereof without any appeal.

6. To the best of my knowledge, there is no 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 Loan Agreement, acquisition and construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,

SPONAUGLE, SPONAUGLE & BOWERS



George L. Spoungle II



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

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, NOTICES, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND  
AND NOTES ORDINANCE
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. INFORMATION RETURN
19. SPECIMEN BONDS

We, the undersigned MAYOR and the undersigned RECORDER of The Town of Franklin in Pendleton County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$273,396 aggregate principal amount of The Town of Franklin Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Ordinance of the Issuer enacted May 26, 1987, and a Supplemental Resolution adopted June 2, 1987 (collectively, the "Local Act").

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, acquisition and construction of the Project, operation of the System, receipt of the Grant Receipts or the Gross Revenues, or in

any way contesting or affecting the validity of the Bonds or the Grants 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, acquisition and construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official 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 and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

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:

Charter of The Town of Franklin.

Oaths of Office of Councilmembers.

Ordinance Creating Sanitary Board.

Bond and Notes Ordinance.

Supplemental Resolution.

Rate Ordinance.

Affidavit of Publication of Abstract of Bond and Notes Ordinance and Notice of Hearing.

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

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

Loan Agreement.

FEMA Grant Agreement.

Public Service Commission Order entered May 4, 1987.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The Town of Franklin" and it is a municipal corporation in Pendleton County and 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, Recorder and 5 members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Bruce A. Minor - Mayor	July 1, 1986	June 30, 1988
M. L. Sponaugle, Jr. - Recorder	July 1, 1986	June 30, 1988
David P. Simmons - Councilmember	July 1, 1986	June 30, 1988
Stephen C. Roberson - Councilmember	July 1, 1986	June 30, 1988
John H. Kipp, Sr. - Councilmember	July 1, 1986	June 30, 1988
Homer Glover, Jr. - Councilmember	July 1, 1986	June 30, 1988
Berlie Sponaugle - Councilmember	July 1, 1986	June 30, 1988

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

Chairman	Bruce A. Minor
Member	David Scott, P.E.
Member	Charles Sites, Jr.

The duly appointed and acting counsel to the Issuer is George I. Sponaugle, II, of Sponaugle, Sponaugle & Bowers, 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 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, NOTICES, 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 construction, acquisition, operation and financing of the Project or 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 Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be published or posted were so published or posted.

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 Local Act. All parts of the System for which flood insurance is available are presently covered by a policy of flood insurance, and the Issuer will obtain flood insurance on the remaining portions of the System and business interruption insurance if such coverage is available at a reasonable cost. Business interruption insurance is not presently available at a reasonable cost.

10. GRANTS: As of the date hereof, the FEMA Grant in the amount of \$758,651 is committed and in force and effect.

11. 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; and (iii) to the best knowledge of the undersigned, no event affecting

the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Issuer has duly enacted an Ordinance on February 10, 1987, setting rates and charges for the services of the System. Such ordinance is presently in full force and effect, the period for appeal of such ordinance has expired and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated June 8, 1987, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and to be attested by his 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 is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Series 1987 A Bonds, being \$220,741 (100% of par value) and the agreed purchase price of the Series 1987 B Bonds, being \$52,655 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION AND PUBLIC HEARING ON BOND AND NOTES ORDINANCE: Upon adoption of the Bond and Notes 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 a newspaper published and of general circulation in The Town of Franklin, together with a notice to all persons concerned, stating that the Bond and Notes Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 26th day of May, 1987, at 7:30 p.m., in the Council Chambers of the Town Office of The Town of Franklin and present protests, and stating that a certified copy of the Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Governing Body and the Bond and Notes Ordinance became

finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. PRIVATE USE OF FACILITIES: The Issuer has covenanted that it shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Code and the Regulations promulgated thereunder.

17. NO FEDERAL GUARANTY: The Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations promulgated thereunder.

18. INFORMATION RETURN: The information contained in the Information Return to be filed pursuant to Section 149(e) of the Code in connection with the issuance of the Bonds is true, complete and correct.

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of THE TOWN OF FRANKLIN on this 8th day of June, 1987.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
<u>Bruce A. Minor</u>	Mayor
<u>Mr. Donald J.</u>	Recorder
<u>[Signature]</u>	Counsel to Issuer

05/29/87  
FRKNS1-M



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A

CERTIFICATE AS TO ARBITRAGE

I, Bruce A. Minor, Mayor of The Town of Franklin, in Pendleton County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$220,741 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer, dated June 8, 1987 (the "Local Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 8, 1987, the date on which the Local Bonds are being physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the ordinance pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds were issued on June 8, 1987, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$220,741 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of permanently paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project") and paying costs of issuance thereof.

8. The Issuer shall, within 6 months following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of the lesser of 2 1/2% of the estimated total Project Costs financed with the proceeds of the sale of the Local Bonds or \$100,000, or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in a reserve account for the Local Bonds, if any, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before November, 1987, which is by May 1, 1989. Construction of the Project is expected to be completed by November, 1987, which is within 3 years of May 22, 1986.

9. The total cost of the Project is estimated at \$1,032,047, including costs of issuance. Sources of funding for the Project, including costs of issuance, are as follows:

FEMA Grant	\$ 758,651
Costs of Issuance	14,000
Net proceeds of Series A and Series B Bonds (Gross Proceeds less costs of issuance of the Bonds in the amount of \$14,000 of which \$11,304 relates to the Local Bonds)	<u>259,396</u>
Total	<u>\$1,032,047</u>

The amount of Project costs not expected to be reimbursed or paid from grants or Series 1987 B Bonds proceeds is estimated to be at least \$220,741. Except for the proceeds of the Local Bonds, the Series 1987 B Bonds, and the FEMA Grant, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such

expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1987 A Bonds Sinking Fund, and within the Series 1987 A Bonds Sinking Fund the Series 1987 A Bonds Reserve Account; and

(5) Series 1987 B Bonds Sinking Fund, and within the Series 1987 B Bonds Sinking Fund the Series 1987 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Local Bonds (and the Series 1987 B Bonds described in the Local Act, which bear no interest) will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Local Bonds and related costs and payment of certain advances made for the purposes of temporarily financing a portion of the Costs of the Project.

12. All moneys in the Series 1987 A Bonds Sinking Fund (with the exception of investment earnings thereon) will be held for the payment of the principal and the interest to accrue on the Local Bonds on or prior to the maturity thereof. Moneys held in the Series 1987 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account will be deposited in the Revenue Fund and withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and, thereafter, will, not less than once every year, be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1987 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1987 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts

therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties.

14. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project; the Local Bonds are not private activity bonds within the meaning of Section 141 of the Code; 95% or more of the net proceeds (as defined in the Code) of the Local Bonds are to be used for local governmental activities of the Issuer; the Issuer and all subordinate entities will issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) during the calendar year 1987, the year in which the Local Bonds are being issued; and the Issuer has issued no other obligations during the calendar year of 1987 except for the Series 1987 B Bonds, which bear no interest.

15. The Issuer has covenanted that it will take all further actions necessary to comply with the Code and will comply with the provisions of the Code for which the effective date precedes the date of delivery of the Local Bonds to the Authority.

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

17. With the exception of the amounts deposited in the Series 1987 A Bonds Sinking Fund for payment of interest on the Local Bonds, if any, all of the proceeds of the Local Bonds will be expended on the Project within 5 months from the date of issuance thereof.

18. Any money deposited in the Series 1987 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1987 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

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

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

21. The undersigned acknowledges that it is intended that interest on the Local Bonds be excluded from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson is rendering an opinion on the date hereof to said effect, and that,

in rendering said opinion, said firm is relying, among other things, upon the statements made herein.

IN WITNESS WHEREOF, I have set my hand this 8th day of June, 1987.

THE TOWN OF FRANKLIN

By Bruce A. Minor  
Mayor

06/05/87  
FRKNS1-N



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ENGINEER'S CERTIFICATE

I, Rod W. Smith, Registered Professional Engineer, West Virginia License No. 7779 of Copper & Smith, P.C., consulting engineers, of Harrisonburg, Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain municipal sewerage facilities (the "Project") for The Town of Franklin in Pendleton County, West Virginia (the "Issuer"). Certain costs of such acquisition and construction are being financed in part out of proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Federal Emergency Management Agency (the "FEMA"). Capitalized words not defined herein shall have the meanings set forth in the Bond and Notes Ordinance enacted by the Council of the Issuer on May 26, 1987, as supplemented on June 2, 1987, and the Loan Agreement and the Supplemental Loan Agreement, both dated March 17, 1987, by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto, and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of The Town of Franklin; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the acquisition and construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project which are in an amount and are otherwise compatible with the plan of financing described in the Application; (iv) I have ascertained or will prior to award ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and have verified or will prior to award verify such insurance policies or binders and such bonds for accuracy and completeness; (v) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for acquisition, construction and operation of the Project, including without limitation an order from the Public Service Commission of

West Virginia and permits from the West Virginia Department of Natural Resources; (vi) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vii) the useful life of the facilities constituting the Project is not less than 40 years; and (viii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of Section 4.1 of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer.

3. The schedule set forth in Exhibit A attached hereto as a part hereof accurately constitutes the total costs and committed funds for the Project as of the date hereof and the FEMA Grant has been irrevocably committed therefor in the amount set forth in Exhibit A.

WITNESS my signature on this 8th day of June, 1987.

COPPER & SMITH, P.C.

By Rodney Smith  
Its SR. VICE PRESIDENT

05/29/87  
FRKNS1-0

EXHIBIT A

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: \_\_\_\_\_  
 TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1. Construction	\$ 893,232	
2. Technical Services	\$ 85,000	
3. Legal and Fiscal	\$ 7,000	
4. Administrative	\$ 3,000	
5. Site and Other Lands	\$ -0-	
6. Step I and/or Step II or Other Loan Repayment (Specify Type: _____ )	\$ 9,600	
7. Interim Financing Costs	\$ 5,400-	
8. Contingency	\$ 20,815	
9. Total of Lines 1 through 8		\$ 1,024,047

B. Sources of Funds

10. Federal Grants: <sup>1</sup> (Specify Source)	FEMA	\$ 758,651	
11. State Grants: <sup>1</sup> (Specify Source)			
12. Other Grants: <sup>1</sup> (Specify Source)			
13. Any Other Source <sup>2</sup> (Specify)			
14. Total of Lines 10 through 13			\$ 758,651
15. Proceeds Required from Bond Issue (Line 9 less Line 14)			\$ 265,396
16. Cost of Financing <sup>3</sup>			
(a) Capitalized Interest	\$ -0-		
(construction period plus six months)			
(b) Funded Reserve Account <sup>4</sup>	\$ -0-		
(c) Other Costs <sup>5</sup>	\$ 6,000.00		
	\$ 2,000.00		
Total Cost of Financing			\$ 8,000
17. Size of Bond Issue (Line 15 plus Total from Line 16)			\$ 273,396

<sup>1</sup> Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

<sup>2</sup> For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

<sup>3</sup> Do not include the Authority's costs of financing.

<sup>4</sup> Confirm with bond counsel that funding will not impact tax-exempt status of bond issue.

<sup>5</sup> For example, fees of bond counsel for the Governmental Agency.

<sup>6</sup> Legal fees paid by the Authority but allocable to the Governmental Agency.



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

June 8, 1987

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25065

RE: Town of Franklin  
Sewer Revenue Bonds  
Series 1987 A and Series 1987 B

Gentlemen:

Based upon the rates and charges as set forth in an ordinance of The Town of Franklin enacted February 10, 1987, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Copper and Smith, P.C., consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of The Town of Franklin, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1987 A and Series 1987 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such bonds.

Very truly yours,

  
Rosalie E. Thomas

ret/e



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:

*(Corporate limits have  
changed.)*

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.

corporate limits

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

*or*

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.

incorporatio

style of corporation

powers of corporation

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

corporate powers; how exercised

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

*?*

*Your has never had an office designated Commissioner of the Rev. De.*

*(Changed as above.)*

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

<sup>Town Clerk</sup>  
~~Commissioner 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.

officers to be appointed

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

recorder, treasurer and commissioner

7. The mayor, recorder and councilmen, shall be elected for the term of <sup>two</sup>~~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 of office

qualification for office

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.

first election

annual election

certificates of election

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 may 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.

vacancies how filled.

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

vote by ballot

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.

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.

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.

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.

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.

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 and proceedings

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 nays casting vote

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 of 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 powers

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; his  
duties,  
powers,  
compensation and  
liabilities

*We do not know  
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 interest 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 real estate delinquent

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.

prohibition 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 jurisdiction 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; his duties, powers and compensation

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 duties  
and com-  
pensation

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.

treasurer;  
his duties

how treasur-  
er and ser-  
geant pro-  
ceeded  
against

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.

exemption  
from road  
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

existing  
laws and  
liabili-  
ties to  
remain in  
force

*Checks are signed by Mayor  
and countersigned by Treasurer.*



MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, ROBERT C. SPANGLER, 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 TOWN CLERK of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

Robert C. Spangler

Subscribed and sworn to before me, in said County and State this 2nd day of July, 1988. My commission expires on 10/9/91, 19    .

M. L. Spangler, Jr.  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 2nd day of July, 1988.

M. L. Spangler, Jr.  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, page 69.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Nancy K. Harding  
Clerk Pendleton County Commission

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, David Linnert, 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 Councilman of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

David Linnert

Subscribed and sworn to before me, in said County and State this 1<sup>st</sup> day of July, 1986. My commission expires on May 19, 1990.

Linda L. May  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 200 day of July, 1986.

M. S. Sproule  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, at page 70.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Clerk Pendleton County Commission

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, John H. Kupp Sr, 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 Councilman of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

John H. Kupp Sr

Subscribed and sworn to before me, in said County and State this 15<sup>th</sup> day of July, 1986. My commission expires on May 19, 1990.

Linda L. May  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 20<sup>th</sup> day of July, 1986.

M. A. Sproule  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, at page 71.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Clerk Pendleton County Commission

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 MAYOR 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 1<sup>st</sup> day of July, 1986. My commission expires on May 19, 1990.

Linda L. May  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 30<sup>th</sup> day of July, 1986.

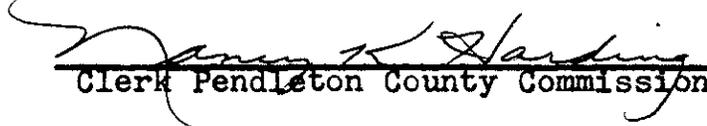
M. H. Sproull  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, at page 72.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Clerk Pendleton County Commission

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, Stephen C. Roberson, 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 Councilman of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

Stephen C. Roberson

Subscribed and sworn to before me, in said County and State this 1<sup>st</sup> day of July, 1986. My commission expires on May 19, 1990.

Linda L. May  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 30<sup>th</sup> day of July, 1986.

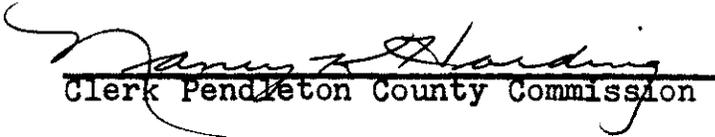
M. L. [Signature]  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, at page 73.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Clerk Pendleton County Commission

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, HOMER GLOVER, JR., 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 Council of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

Homer Glover

Subscribed and sworn to before me, in said County and State this 1<sup>st</sup> day of July, 1986. My commission expires on May 19, 1990.

Linda S. May  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 2<sup>nd</sup> day of July, 1986.

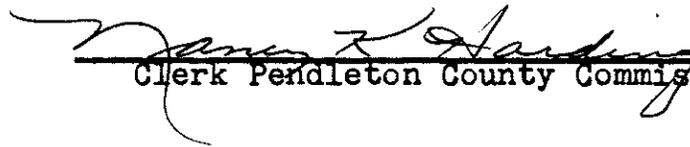
M. S. Spaulding  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, at page 74.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Clerk Pendleton County Commission

MUNICIPALITY OF FRANKLIN

Box 483

WEST VIRGINIA 26807

State of West Virginia

County of Pendleton, To-Wit:

I, MARVIN L. SPONAGIE, JR., 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 RECORDER of the Town of Franklin, Pendleton County, West Virginia, to the best of my skill and judgment, so help me God.

M. L. Sponagie, Jr.

Subscribed and sworn to before me, in said County and State this 1st day of July, 1986. My commission expires on August 9, 1986.

[Signature]  
Notary Public

Certified to be a true copy of the oath of office as recorded in the records of the Town of Franklin this 2nd day of July, 1986.

M. L. Sponagie, Jr.  
Recorder

State of West Virginia,

County of Pendleton, to-wit:

I, Nancy K. Harding, Clerk of the County Commission in and for the said County and State, do hereby certify that the foregoing is a true and complete copy as the same appears and remains of record in my said office in Officers Official Bond Book No. 3, at page 75.

Given under my hand and seal of said Commission this the 28th day of May, 1987.

  
Clerk Pendleton County Commission



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 own 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

  
Recorder

  
Mayor



PETITION

The Sanitary Board of The Town of Franklin, on motion duly passed at its meeting on the 4th day of May, 1987, respectfully petitions the Council of The Town of Franklin to enact an ordinance directing that revenue bonds of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, in an aggregate amount not to exceed \$350,000 for the purpose of providing moneys for the Town's sewerage system improvements.

All as required by Chapter 16, Article 13 of the West Virginia Code.

SANITARY BOARD OF THE TOWN OF FRANKLIN

By Bruce A. Minor  
Mayor and Chairman - The Town of  
Franklin Sanitary Board

05/08/87  
FRKNS1-C



# Certificate of Publication

I, William McCoy, Jr., Editor 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 14, 19 87.

William McCoy, Jr. (ph)

William McCoy, Jr., Editor

Cost of Publication ..... \$ 73.50

Handbills ..... \_\_\_\_\_

Other ..... \_\_\_\_\_

Total Amount Due ..... \$ 73.50

### THE TOWN OF FRANKLIN NOTICE OF PUBLIC HEARING ON SEWER BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of The Town of Franklin to be held on May 26, 1987, at 7:30 p.m. in the Council chambers at The Town of Franklin Town Office, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

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.

The above entitled Ordinance was adopted by the Council of The Town of Franklin upon petition of the Sanitary Board of the Town on May 12, 1987.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond issue contemplated thereby. The Town Council contemplates the issuance of the Bonds. The Bonds are to provide permanent financing of a portion of the costs of acquisition and construction of new sewage treatment and collection facilities for The Town of Franklin (the "Project"). The Bonds are payable solely from revenues derived from the ownership and operation of the sewerage system of the Town and the proceeds of the Bond. 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 at the office of the Recorder of The Town of Franklin for review by interested parties during regular office hours.

Following the said public hearing, the Town Council intends to enact said Ordinance upon final reading.

Dated May 12, 1987.

W. Bruce A. Minor  
Mayor

### NOTARY'S CERTIFICATE

Sworn to and subscribed before me this 22<sup>nd</sup> day of May, 19 87.

Marie C. Gause

Notary Public.

My commission expires January 10, 19 90.

NOTE: Do not misplace this certificate; it will be needed in settling the estate.



ORDINANCE #53

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 TOWN 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 AND DELINQUENT BILLS

RATES (BASED UPON WATER USAGE)

- First: 2,000 gallons used per month or any fraction thereof - \$5.50
- Next: 3,000 gallons used per month - \$2.50 per thousand gallons
- Next: 10,000 gallons used per month - \$2.25 per thousand gallons
- Next: 10,000 gallons used per month - \$1.75 per thousand gallons
- Next: 10,000 gallons used per month - \$1.50 per thousand gallons
- All over 35,000 gallons used per month - \$1.25 per thousand gallons

BILLING

Bills will be calculated on each ten gallons of water used after the first 2,000 gallon minimum flat rate charge. Meters will be read monthly and bills rendered bimonthly, subject to the discretion of the Council.

DELAYED PAYMENT PENALTY

10% if not paid thirty (30) days from date of bill.

SEWER TAP FEE

\$100.00

DELINQUENT BILLS

The Town 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 sixty (60) days of billing date, the customer's water service shall be subject to disconnection by the Town, subject to an in accordance with Public Service Commission rules and regulations. Service shall not be restored until all delinquent bills and penalties plus a reconnection charge of twenty-five dollars (\$25.00) have been paid.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the fees, rates, charges and delayed penalty charges as herein 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 prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for two successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in The Pendleton Times, being the only newspaper published and of general circulation in Pendleton County, West Virginia, and being of general circulation in the Town of Franklin, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 10th day of February, 1987, at 7:30 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on 1st Reading: January 26, 1987

Passed on Second Rading Following Public Hearing: February 10, 1987

Effective as of March 28, 1987.

  
Recorder

  
Mayor



# Certificate of Publication

I, William McCoy, Jr., Editor 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 Jan. 29, 1987.

*William McCoy, Jr.*  
William McCoy, Jr., Editor

Cost of Publication ..... \$ 108.41

Handbills ..... \_\_\_\_\_

Other ..... \_\_\_\_\_

Total Amount Due ..... \$ 108.41

**AN ORDINANCE ESTABLISHING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF FRANKLIN**

**THE TOWN 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 AND DELINQUENT BILLS**

**RATES (BASED UPON WATER USAGE)**

First: 2,000 gallons used per month or any fraction thereof — \$6.50

Next: 3,000 gallons used per month — \$2.25 per thousand gallons

Next: 10,000 gallons used per month — \$2.25 per thousand gallons

Next: 18,000 gallons used per month — \$1.75 per thousand gallons

Next: 10,000 gallons used per month — \$1.00 per thousand gallons

All over 20,000 gallons used per month — \$1.50 per thousand gallons

**BILLING**

Bills will be submitted on each ten gallons of water used after the first 2,000 gallon minimum. The read charge meter will be read monthly and bills rendered therefrom, subject to the discretion of the Council.

**DELAYED PAYMENT PENALTY**

10% if not paid thirty (30) days from date of bill.

**SEWER TAP FEE**

\$100.00

**DELINQUENT BILLS**

The Town 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 sixty (60) 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 a reconnection charge of twenty-five dollars (\$25.00) have been paid.

**SECTION 2. EFFECTIVE DATE**

The time, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment thereof.

**SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES**

The provisions of this Ordinance are severable, and if any clause, article, or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the fees, rates, charges and delayed penalty charges as herein set forth, all resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

**SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING**

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 8 full days intervening between each publication, in The Pendleton Times, being the only newspaper published and of general circulation in Pendleton County, West Virginia, and being of general circulation in the Town of Franklin.

**CERTIFICATION**

The foregoing Rate Ordinance has been introduced at a meeting of Council held January 28, 1987. Any person interested may appear before Council on the 10th day of February, 1987, at 7:30 p.m., and present protests. Council will then take such action as it shall deem proper in the premises.

Dated January 28, 1987.  
Public hearing will be held in Town Office, Franklin, WV, on February 10, 1987, at 7:30 p.m.  
Effective date of ordinance March 28, 1987.  
s/ M.L. Sponaugle, Jr.  
Recorder

**NOTARY'S CERTIFICATION**

Sworn to and subscribed before me this 5<sup>th</sup> day of February, 1987.

*Marcia C. Warner*  
Notary Public.

My commission expires January 10, 1990.

NOTE: Do not misplace this certificate; it will be needed in settling the estate.



The regular meeting of the Franklin Town Council was held May 5, 1987 at 7:30 p.m. in the Town Office. Present were: Bruce Minor, Mayor; Stephen Roberson, Homer Glover, Jr., John Kipp, Berlie Sponaugle and David Simmons, Council Members; J. Bruce Smith, Chief of Police; Robrietta Lambert, Recreation Director; JC Hammer, Maintenance Supervisor; Linda May, Clerk/Treasurer; Vincent Horne, Insurance Representative; and Paul Ruddle, interested citizen.

John Kipp made a motion to dispense with reading of the minutes and to approve as written. Stephen Roberson seconded the motion. Motion carried.

Paul Ruddle made complaint to the Council re a neighbor's (Melvin Mitchell) unsightly property. He also complained about trucks parking in the road and running in on lawns on Orchard Street. These trucks come in to load and unload at a building used for storage by Buddy Evick, Evick's Siding and Repairs. Council advised him that they would look into these matters.

Council again discussed parking permits for the county magistrates. Finally decided to issue five permits for the magistrates and assistants and to bill the county for three permits. However, special permits will be made for them to be used only for parking while on duty at the county courthouse.

JC Hammer asked the Council to consider a back-up generator for the Filter Plant at some future time.

JC reported that O. Lynn Smith has given notice of termination of his services as water meter reader and that someone else needs to be secured. Following discussion, the Council decided to contract the job to Roger Alt.

Vincent Horne of American Family Insurance presented insurance coverage plan for cancer and intensive care. He explained that lower premium rates are available through a payroll deduction plan. He would need at least five employees or officials to join the plan in order for it to qualify as a group plan. The Town could pay a portion of the premiums--or they could be strictly a deduction paid fully by the insured. Council made no final decision as to whether the Town would sponsor this insurance plan.

JC reported that maintenance worker O. Lynn Smith has been diagnosed as having cancer and will be going into the hospital for surgery on May 10th. Mr. Smith will be unable to work for at least 6-8 weeks and probably will not be back to a full work load until sometime in August.

JC requested that the Council hire someone temporarily for the summer. Council approved hiring someone--probably a college student--for the summer. Rate of pay to be \$3.50 to \$3.60/hour.

JC reported that Tom Firor will get with him on Friday of this week to run the survey lines for proposed annexation area at Painter's Point.

Robrietta Lambert asked Berlie Sponaugle to patch the cracks at the swimming pool deck. She also reported that the roof over the dressing rooms and concession area at the pool is in bad condition. Council discussed repair of the existing roof vs a new roof. Finally decided to get some buckets of Cold Method Roof Coating with Fiber to patch the roof and to also get an estimate for a new roof (galvanized).

Mrs. Lambert also reported that several organizations have pledged moneys toward operation of the pool.

The Sanitary Board petitioned the Council as follows:

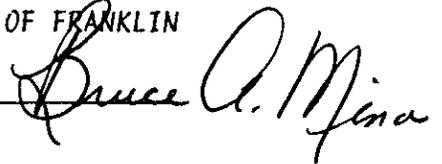
PETITION

The Sanitary Board of the Town of Franklin, on motion duly passed at its meeting on the 4th day of May, 1987, respectfully petitions the Council of the Town of Franklin to enact an ordinance directing that revenue bonds of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, in an aggregate amount not to exceed \$350,000 for the purpose of providing moneys for the Town's sewerage system improvements.

All as required by Chapter 16, Article 13 of the West Virginia Code.

SANITARY BOARD OF THE TOWN OF FRANKLIN

By Bruce A. Minor  
Mayor and Chairman



Following reading of the sewer bond ordinance by title, "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 \$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 \*NOT MORE THAN \$75,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND," Homer Glover, Jr. made a motion to approve the ordinance and Berlie Sponaugle seconded the motion. Motion carried and the ordinance was passed unanimously.

A special session was set for May 12, 1987, at 7:30 p.m. for the second reading of the sewer Ordinance.

Upon adoption of this ordinance (following second reading), an abstract containing sufficient information as to give notice of the contents of the Ordinance shall be published once a week for two successive weeks in the Pendleton Time (beginning May 14th), 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 on May 26, 1987, at 7:30 p.m., which is not less than ten days subsequent to the date of the first publication, 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.

Linda May made the second reading of the Ordinance entitled "Traffic Regulations and Laws of the Road; Chapter 17D of West Virginia Motor Vehicle Laws." M. L. Sponaugle, Jr. made a motion to adopt and enact this Ordinance and David P. Simmons seconded the motion. Motion carried unanimously. This will be entered as ordinance #55.

Council discussed the purchase of a radio system, including a new police radio. The Mayor will check on prices with Two-Way Radio Systems and L. May will pursue price quotes from Motorola.

Linda May reported on unemployment assessments which will go into effect on July 1, 1987. The assessment will be at a rate of \$.0035 for both employer and employee, with a possible additional optional assessment of \$.0015 for any given quarter when deemed necessary.

Mayor Minor read a memo from the Potomac Valley Transit Authority requesting \$500.00 from the Town of Franklin in order for the Town to have a vote. Council decided against contributing this amount.

Council decided to advertise for bid some equipment that is not in working condition--such as the Wizard mower, Toro mower, roller, etc. JC Hammer is to prepare a list for the ad.

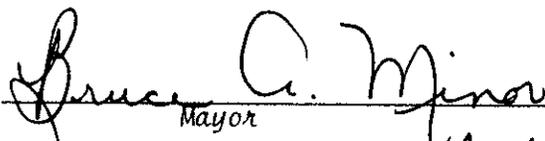
Chief Smith reported on placement of bus signs for PVTA. They will be located as follows: on the Town's parking lot at the next slot above the handicapped parking space; in front of Main Street Methodist at the last parking meter.

Council tabled discussion of possible water rate increases until the special meeting on May 12th.

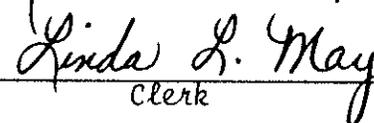
Also tabled discussion of employee wage increases and benefits until special meeting on May 26th.

John Kipp made a motion to grant O. Lynn Smith a medical leave of absence for the duration of his illness. Stephen Roberson seconded the motion. Motion carried.

The meeting was adjourned at 10:55 p.m.

  
 Mayor

  
 Recorder

  
 Clerk

I, Marvin L. Sponaugle, Jr., do hereby certify that I am the duly elected Recorder for the Town of Franklin; and as such, I hereby certify that the foregoing is a true and complete record of the minutes of the regular meeting of the Franklin Town Council held on May 5, 1987.

  
 Recorder

A special meeting of the Franklin Town Council was held May 12, 1987, at 7:30 p.m. in the Town Office. Present were Bruce Minor, Mayor; M. L. Sponaugle, Jr., Recorder; Homer Glover, Jr., Stephen Roberson and John Kipp, Council Members; Robrietta Lambert, Recreation Director; and Linda May, Clerk.

Mayor Minor made the second reading of the Sewer Bond Ordinance by title. Homer Glover, Jr. made a motion to adopt this Ordinance and Stephen Roberson seconded the motion. Motion carried and the Ordinance was passed unanimously.

Linda May reported that the Final Order for the Certificate of Convenience and Necessity has been received from Public Service Commission. Order was entered on May 4, 1987.

Mrs. Lambert reported that the estimate for paving the pool parking lot is \$10,800 and that she has not been able to secure donations for this project. She further reported that the Pendleton County Bank will donate funds for a new roof at the pool.

Council discussed possible water rate increases at length. No decision was made on this matter.

The meeting was adjourned at 10:00 p.m.

Bruce A. Minor Mayor  
M. L. Sponaugle, Jr. Recorder  
Linda S. May Clerk

I, Marvin L. Sponaugle, Jr, do hereby certify that I am the duly elected Recorder for the Town of Franklin; and as such, I hereby certify that the foregoing is a true and complete record of the minutes of the special meeting of the Franklin Town Council held on May 12, 1987.

M. L. Sponaugle, Jr.  
Recorder

A special meeting of the Franklin Town Council was held May 26, 1987, at 7:30 p.m. at the Town Office. Present were: Bruce A. Minor, Mayor; M. L. Sponaugle, Jr., Recorder; Homer Glover, Jr., David Simmons, Stephen Roberson and Berlie Sponaugle, Council Members; JC Hammer, Maintenance Supervisor; Linda May, Clerk; David Scott, Vice-Chairman Sanitary Board; and Joel Baird, interested citizen and news reporter for the Daily News-Record.

Mayor Minor called the meeting to order and proceeded with the public hearing regarding the Sewer Bond Ordinance. No one present voiced any comments or complaints regarding the said Ordinance, nor had any written comments been received.

Linda May proceeded with the third and final reading of the Sewer Bond Ordinance by title. Homer Glover, Jr. made a motion to adopt and enact this Ordinance and Berlie Sponaugle seconded the motion. Motion carried and the Ordinance was passed unanimously.

Linda reported that a supplemental resolution setting out the exact amounts of the bonds, interest rate, etc. will have to be passed at the next regular meeting.

Council approved Pendleton County Bank as the Town's "Depository Bank" for the various sewer fund accounts.

Mayor Minor reported that he had met with Senator Tucker and other representatives at today's County Commission meeting. They reported that there is now some money available at the State level for some areas of flood damage that did not receive funding from FEMA. Mayor is sending a letter to Delegate Hawse, Senator Whitacre, Senator Spears, and Senator Tucker, requesting a \$100,000 grant to be used toward the sewer treatment system.

Council tabled discussion of employee wage rates and benefits until the regular meeting on June 2nd.

Linda reported that the Lovegrove vs Town of Franklin case will be heard in Magistrate Court on June 2nd at 11 a.m. George Sponaugle II wants to talk with all officials and employees involved in the case on Monday, June 1st.

JC Hammer reported that he has hired Mark Pitsenbarger to work on the Maintenance Crew two days a week. Since he is not hiring a full-time worker to replace Lynn Smith, JC asked if the Council would consider paying Mark more than the previously stated amount of \$3.50 to \$3.60 per hour. Council agreed to pay Mark at the rate of \$3.75 per hour.

The meeting was adjourned at 8:45 p.m. upon motion by Homer Glover, Jr. and seconded by Stephen Roberson.

Bruce A. Minor Mayor  
M. L. Sponaugle, Jr. Recorder  
Linda L. May Clerk

I, Marvin L. Sponaugle, Jr., do hereby certify that I am the duly elected Recorder for the Town of Franklin; and as such, I hereby certify that the foregoing is a true and complete record of the minutes of the special meeting of the Franklin Town Council held on May 26, 1987.

M. L. Sponaugle, Jr.  
Recorder

June, 1987

The regular meeting of the Franklin Town Council was held June 2, 1987, at 7:30 p.m. in the Town Office. Present were: Bruce A. Minor, Mayor; M. L. Sponaugle, Jr., Recorder; Homer Glover, Jr., John Kipp, Stephen Roberson, David Simmons, and Berlie Sponaugle, Council Members; Robrietta Lambert, Recreation Director; J. Bruce Smith, Chief of Police; JC Hammer, Maintenance Supervisor; Linda May, Clerk/Treasurer; and Ruby Propst, interested citizen.

Homer Glover, Jr. made a motion to accept the minutes for the May meetings as written and Stephen Roberson seconded the motion. Motion carried unanimously.

Mrs. Propst requested that her \$100 sewer tap fee be refunded since she had tapped into the sewer line at another location simply due to the fact that the service line had to be replaced. The Mayor explained to her that it was the policy of the Town to charge this tap fee anytime that a new tap is made into the main line.

Mrs. Propst also complained regarding water running down from under the steps at Jerry Warner's laundrymat next door to her. She stated that it is always wet in front of her store (Sears). Following discussion, the Council concluded that the water is Jerry Warner's problem and that he should take steps to eliminate it.

The third complaint by Mrs. Propst was with the Town's trash truck compacting in front of her store and causing grease to run out onto the ground. She stated that this makes a dirty mess and causes a bad odor. The Mayor advised JC to alter the trash pickup route so that trash from Fox's Pizza Den and New Frontier Restaurant would be picked up after the Sears stop.

Chief J. Bruce Smith reported that Enos Horst has tied up three meters during his remodeling work at the "Theatre Building" on Main Street for most of the time during the past several months. Mr. Horst had originally asked for the meters to be blocked for two to three days because of a hazardous situation for pedestrians.

Homer Glover, Jr. made a motion to send a letter to Mrs. Horst requesting that he contribute \$20.00 to the Town to help compensate for the loss of revenue from the meters. Stephen Roberson seconded the motion. Motion carried.

Considerable discussion followed concerning this type of situation where contractors/repairmen park at meters while working. It was finally decided that these people should be notified to either pay the meters or purchase a parking permit.

Chief Smith reported that Ernest Morgan has resigned his job as part-time police officer, since he would not be able to take the training course at the State Police Academy as required for certification. The Chief further requested an increase in salary since he will have the total responsibility for police patrol.

Bruce also reported that Herman Hevener has complained re water coming from the drain of the fire department's wash bays at the Community Building. The water stands in the drainage channel and creates an offensive odor. He asked if the Town could possibly dig a hole and fill in some rocks and gravel so that the water would filter through. The Mayor asked JC to take care of this with his maintenance crew whenever they can get to it.

Mayor Minor requested Chief Smith to direct traffic at the intersection of U. S. 33 and 220 at Main Street Texaco during the busy time of the afternoon (approximately 3:30 to 4:30 p.m.) -- particularly on Fridays.

Robrietta Lambert asked if \$200.00 was an agreeable rate to charge Hanover Shoe for use of the pool and park at their annual picnic. Council approved this amount.

Mrs. Lambert asked if the Council would like to approve free use of the swimming pool for the councilmen and their families since several members have helped with things at the pool. Following discussion, it was decided that they could use the Town's pool free of charge if the individuals wished to do so.

Mrs. Lambert reported that the roof at the pool will not have to be replaced at this time--it can be repaired.

John Kipp reported that Raymond Harr (county sanitarian) had approached him and stated that "The trash truck must be repaired so that it does not leak all over Town--otherwise the county's health officer will take it off the road." Council discussed the possibility of eliminating grease and other liquids from being picked up by the Town's truck since the truck cannot be sealed tight enough to stop leakage. Mr. Kipp was asked to get rid of the grease from his restaurant by some other means. The Mayor will talk with Fox's Pizza Den and High's re the problem.

Mr. Kipp also reported that he had received complaints re trucks pulling up on the sidewalk across the street at the High's Store. Council decided that since the residents have to pay for keeping up their sidewalks, the trucks should be kept off in order to prevent damage. The Mayor advised that Chief Smith should talk with the drivers and ask them to move their trucks--and to pass the word along to their fellow truckers to not park there on the walks.

John also reported that he had received a complaint re a bump at the Lee Avenue entrance. Council feels that there is not anything the Town can do about the problem.

John stated that he had also received complaints regarding cows within the Town limits and also regarding the placing of signs, etc. on the sidewalks. He inquired if there are Town Ordinances governing these things and was informed that there are no restrictions ordinance-wise.

Linda May advised Council that she had talked with Richard Homan (president, Pendleton County Bank) to determine what rate of interest the bank could pay on the proceeds of the Town's sewer bonds (WDA loan) if the funds were deposited with the bank rather than the State's "Consolidated Fund." Mr. Homan quoted a rate of 7.35%; the Consolidated Fund quoted a rate of 7.75%.

Homer Glover, Jr. made a motion to deposit all moneys in the funds and accounts established by the Bond Ordinance in the Pendleton County Bank. Stephen Roberson seconded the motion. Motion carried unanimously.

Linda proceeded with reading of the Supplemental Resolution by title as follows:

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF THE TOWN OF FRANKLIN; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

The Series 1987 A Sewer Revenue Bonds will be issued in the principal amount of \$220,741 and shall finally mature October 1, 2013, and shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1987. Series 1987 B Sewer Revenue Bonds will be issued in the principal amount of \$52,655 and shall finally mature October 1, 2013, and shall be interest free. Principal payments shall be payable in installments on October 1 of each year as set forth in "Schedule X" attached to the foregoing resolution.

Homer Glover, Jr. made a motion to adopt this Resolution and Berlie Sponaugle seconded the motion. Motion carried and the Resolution was passed unanimously.

Linda reported that the EXXON Station has complained re inadequate water pressure and asked what they could do to correct the problem. They realize that they need to be on a larger water line. Council advised that they would have to either cross over Rt. 33 to tap into the 8" water main, or get permission to cross Paul Morton's property to hook into a 4" water main in that area.

Discussed radio communication system quotes. Have prices from Two-Way Radio and Motorola. The Mayor will check further with Bob Tuckerman to see what would be our best and least expensive way to go. Council authorized Mayor Minor to spend up to \$2,600 for a radio system to be funded from Revenue Sharing and Coal Severance moneys.

Council reviewed price quotes for Xerox copier, model 1012. Can possibly consider this from next year's budget.

Council approved Conny Simmons working part-time in the Town Office during this summer. She will probably be working about three days per week.

Council also approved hiring a part-time office worker on a permanent basis. This individual would also be assigned to writing parking tickets in order to free up Chief Smith for more night and weekend duty. An ad will be placed in the Pendleton Times for this position which will probably be filled sometime after July 1st.

Mayor Minor appointed Homer Glover, Jr., David Simmons and John Kipp as a committee to review employee wages and benefits prior to the next meeting. He also appointed Stephen Roberson, Berlie Sponaugle, and M. L. Sponaugle, Jr. as a committee to review water rate increases.

The meeting was adjourned at 10:45 p.m.

D. A. Minor  
Mayor

M. L. Sponaugle, Jr.  
Recorder

Linda S. May  
CPorb

I, Marvin L. Sponaugle, Jr., do hereby certify that I am the duly elected Recorder for the Town of Franklin; and as such, I hereby certify that the foregoing is a true and complete record of the minutes of the regular meeting of the Franklin Town Council held on June 2, 1987.

M. L. Sponaugle, Jr.  
Recorder



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

June 9, 1987

The Town of Franklin  
Sewer Revenue Bonds,  
Series 1987 A

## CHARLESTON

CHARLES W. YEAGER  
CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE III  
CHRISTOPHER P. BASTIEN  
STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.  
W. RANDOLPH FIFE

OF COUNSEL  
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

## CLARKSBURG

RALPH BOHANNON  
ERNEST C. SWIGER  
HERBERT G. UNDERWOOD  
JACKSON L. ANDERSON  
ROBERT G. STEELE  
JAMES M. WILSON  
PATRICK D. DEEM  
ROBERT M. STEPTOE, JR.  
ANNE R. WILLIAMS  
JAMES D. GRAY  
VINCENT A. COLLINS  
JAMES A. RUSSELL  
FRANK E. SIMMERMAN, JR.  
WILLIAM T. BELCHER  
MICHAEL L. BRAY  
DAVID C. CLOVIS  
J. GREG GOODYKOONTZ  
IRENE M. KEELEY  
EVANS L. KING, JR.  
WALTER L. WILLIAMS  
SUSAN S. BREWER  
RONALD H. HANLAN  
C. DAVID MORRISON  
HARRY P. WADDELL  
CLEMENT D. CARTER III  
W. HENRY LAWRENCE IV  
WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
LOUIS E. ENDERLE  
ROBERT J. SCHIAVONI

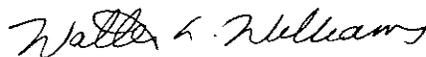
### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service  
Internal Revenue Service Center  
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,



Walter L. Williams

Enclosure

06/02/87  
FRKNS1-Q







Department of Public Safety  
 (West Virginia State Police)  
 725 Jefferson Road  
 South Charleston, West Virginia 25309

Arch A. Moore, Jr.  
 Governor

Governor's Authorized Representative  
 State Coordinating Officer  
 FEMA-753-DR-WV

Colonel W. J. Donohoe  
 Superintendent

June 3, 1987

Mr. Walter Williams  
 Steptoe & Johnson  
 Post Office Box 2190  
 Clarksburg, West Virginia 26302

RE: FEMA-753-DR-WV  
 I.D. #071-29044  
 Town of Franklin

Dear Mr. Williams:

Reference is made to our telephone conversation concerning Damage Survey Reports, FEMA Funding, etc. for the Town of Franklin which developed as a result of the November 1985 flood.

We have researched our files with regards to specific Damage Survey Reports to determine the funding associated with each. The result is as follows:

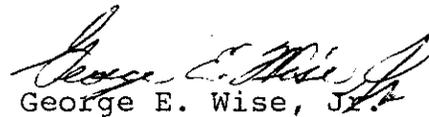
<u>DSR #</u>	<u>FEMA APPROVED</u>	<u>INVOICES APPROVED FOR PAYMENT</u>
10577	\$209,320.00	\$ 15,937.75
86697	17,842.00	17,045.34
86698	198,248.00	-0-
97415	11,787.00	-0-
10258	2,304.00	-0-
10444	115,540.00	-0-
10579	111,954.00	100,565.74
86696	84,778.00	-0-
86699	6,878.00	6,381.49
	<u>\$758,651.00</u>	<u>\$139,930.32</u>

Mr. Walter Williams  
June 3, 1987  
Page Two

The above chart indicates \$758,651.00 was approved by FEMA of which \$139,930.32 has been spent by the Town of Franklin leaving a balance of \$618,720.68.

Should you require additional information please contact me at your convenience.

Sincerely,



George E. Wise, Jr.  
State Public Assistance Officer

GEW/lw

TREATMENT SYSTEM

10577 Sup.  
(209,320)  
Lagoon

Appeal

10259  
Denied

Appeal

10144 Sup.  
(115,540)  
Lagoon

86697 Sup.  
(17,842)  
A & E

86698 Sup.  
(200,552)  
Lagoon

97415 Sup.  
(11,787)  
Electric

10258 Sup.  
(2,304)  
Design

CONTRACT PENDING..

COMPTON CONSTRUCTION  
CO. INC.

PRINCETON, WV

10579  
(111,954)  
S.S. Lines

86696 Sup.  
(81,778)  
S.S. Lines

86699 Sup.  
(6,878)  
A & E

CONTRACTED TO

DAVID BLACK GENERAL  
CONTRACTING, INC.

WINTERVILLE, OHIO

## FEDERAL EMERGENCY MANAGEMENT AGENCY

DMIS/PAAS REPORT ENG: ENGINEERING ANALYSIS  
CONTRACT: 753

ID: 071-29044 APPLICANT: FRANKLIN, TOWN OF  
SUPPLEMENT NO.: 0 GRANT CODE: C6

DSR	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
10501	D	87/05/07	10,811.00		
COMMENT: RESTORE ISEC TO CHANNEL AND REPLACE ONE CROSSING.					
CAT D TOTAL ( 1 DSRS)			10,811.00 ELIGIBLE		
			10,811.00 100% FEDERAL SHARE		
10524	E	87/05/07	4,910.00	BUILDING/YARD	FRANKLIN, MAINTENANCE SHED
COMMENT: REMOVE DEBRIS FROM MAINTENANCE STORAGE AREA & SHED. SERVICE, CLEAN & REPLACE MISC EQUIPMENT. APPLICANT IS URGED TO SECURE FLOOD INSURANCE COVERAGE.					
CAT E TOTAL ( 1 DSRS)			4,910.00 ELIGIBLE		
			4,910.00 100% FEDERAL SHARE		
10258	F	87/05/07	2,304.00		
WORKSITE: 10577					
COMMENT: APPLICANT HAS (BY LETTER ATTACHED)-INDICATED THE INTENT TO REQUEST A GIL. IF THE BENTONITE SEAL COST IS SUBSTANTIALLY UNDERESTIMATED & IF A GIL IS APPROVED, UPON COMPLETION, THE APPLICANT MAY REQUEST THE ADDITIONAL COST BE ADDED TO THE GRANT. REF. DSR 10577 ENGINEERING COST TO BE INCREASED TO 10.2% OF \$192,037 FOR A TOTAL OF \$19,588. \$19,588 - 17,283 = \$2,304 DESIGN COST. THIS DSR SUPL TO DSR 10577.					
10259	F	00/00/00	.00		SEWAGE LAGOON TOWN OF FRANKLIN
COMMENT: DEEPENING, PROVIDING BAFFLE, AERATION & DISINFECTION WOULD PROVIDE AT HIGHER LEVEL OF TREATMENT THAN WAS PROVIDED PRIOR TO THE DISASTER. INELIGIBLE. REF DRAW 2 PG 7-18 E. SEE APPLICANT'S LETTER OF NON-CONCURRENCE ATTACHED TO DSR.					
<del>10577</del>	F	87/05/07	<del>201,120.00</del>		FRANKLIN S.S. LAGOON
COMMENT: REPAIR LAGOON, REMOVE DEBRIS, RESTORE BENTONITE LINING, LEVEE, SLOPE FENCE ETC. APPLICANT MAY REQUEST A GRANT-IN-LIEU, REF. HIS LETTER DATED 12/9/85					
10581	F	87/05/07	11,437.00	RESERVOIR	FRANKLIN WATER SUPPLY RESERVOIR
COMMENT: REMOVE DEBRIS FROM RESERVOIR.					
CAT F TOTAL ( 4 DSRS)			223,061.00 ELIGIBLE		
			223,061.00 100% FEDERAL SHARE		

FEDERAL EMERGENCY MANAGEMENT AGENCY  
 DMIS/FAAS REPORT END: PROJECT SUMMARY  
 CONTRACT: 753

ID: 071-25044      APPLICANT: FRANKLIN, TOWN OF  
 SUPPLEMENT NO.: 5      GRANT CODE: 06

SUSPENSED DAMAGE SURVEY REPORTS

DSR	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
10577	F	06/00/00	\$200,552.00	DIFF. IN BID	SEWAGE LAGOON #
				NOFISITE: 10577, 10444	
				COMMENT: SUPPLEMENT TO DSR 10577 & 10444. DEDUCT \$154,568.00 (SEE REVIEWERS COMMENTS) NOTE: DUE TO THE REDUCTION IN FLOOR SPACE, SPECIAL CONSIDERATION SHOULD BE GIVEN ON HOW THE ULTRA VIOLET LIGHT SYSTEM WILL BE HOUSED. (SUSPENDING PENDING INSURANCE COMMITMENT ON LAB/EQUIPMENT BLES. )	
TOTAL ( 1 DERE)			200,552.00		

END OF REPORT END

DATE: 06/11/93  
TIME: 09:39:32

FEDERAL EMERGENCY MANAGEMENT AGENCY

DN16/PAAS REPORT ENG: PROJECT SUMMARY  
CONTRACT: 753

ID: 071-29044      APPLICANT: FRANKLIN, TOWN OF  
SUPPLEMENT NO.: 6      GRANT CODE: C6

DSR	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
97460	C	07/05/03	1,551.00	ROAD WORKSITE: 10509 COMMENT: ALL COSTS MUST BE DOCUMENTED. (BACKUP INFO ON DSR 97454)	DOGWOOD LANE
97461	C	07/05/03	3,988.00	STREETS WORKSITE: 2675 COMMENT: ALL COSTS MUST BE DOCUMENTED. (BACKUP INFO ON DSR 97454)	FRANKLIN
97490	C	07/05/03	20,390.00	ROAD WORKSITE: 10510 COMMENT: ALL COSTS MUST BE DOCUMENTED IN DETAIL. THIS DSR COVERS THE DIFFERENCE BETWEEN THE ORIGINAL DSR AND THE LOW BID. (BACKUP INFO ON DSR 97454)	CHESTNUT AND HIGH STREETS
CAT C TOTAL ( 3 DSRS)			25,929.00 ELIGIBLE 25,929.00 100% FEDERAL SHARE		
97431	E	07/05/03	1,200.00	FENCE WORKSITE: 10524 COMMENT: THIS FENCE WAS NOT COVERED ON THE ORIGINAL DSR, THIS DSR COVERS THIS NEED.	FRANKLIN MAINTENANCE AREA
97448	E	06/11/03	.00	REPAIRS WORKSITE: 10524 COMMENT: APPLICANT SUBMITTED THIS CLAIM 8/29/86, MORE THAN 9 MONTHS AFTER THE DISASTER. FEMA SET A 8/1/86 DEADLINE FOR NEW CLAIMS FOR DAMAGES FROM THE NOVEMBER FLOOD. THE APPLICANT HAS HAD SUFFICIENT TIME TO SUBMIT THIS CLAIM, THIS DSR HAS BEEN DENIED.	FRANKLIN
CAT E TOTAL ( 2 DSRS)			1,200.00 ELIGIBLE 1,200.00 100% FEDERAL SHARE		
97415	F	07/05/03	11,787.00	ELECTRICAL WORKSITE: 10577 COMMENT: ALL COSTS MUST BE DOCUMENTED.	WASTEWATER TREATMENT PLANT
CAT F TOTAL ( 1 DSRS)			11,787.00 ELIGIBLE 11,787.00 100% FEDERAL SHARE		

FEDERAL EMERGENCY MANAGEMENT AGENCY

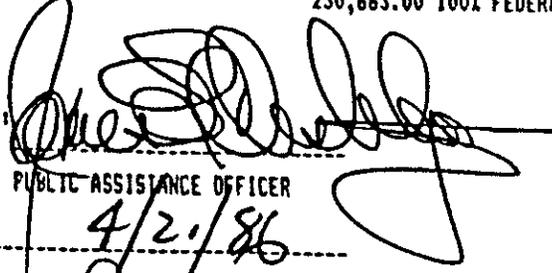
DMIS/PAAS REPORT ENG: PROJECT SUMMARY  
CONTRACT: 753

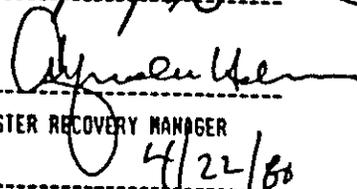
ID: 071-29044 APPLICANT: FRANKLIN, TOWN OF  
SUPPLEMENT NO.: 3 GRANT CODE: C6

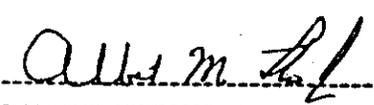
DSR	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
10577	F	87/05/07	115,540.00	LAGOON WORKSITE: 10577	TOWN OF FRANKLIN COMMENT: TO ASSIST TOWN TO UPDATE ITS SEWAGE TREATMENT & CONFIRM TO EPA. ALLOW FOR EXCAVATION (DEEPENING) OF LAGOON. ALLOW FOR BATTLE. ALLOW FOR FINAL METER EFFLUENT. ALLOW FOR 1/2 AERATION OF LAGOON. ENGINEERING FEE ALLOWED.
10579	F	87/05/07	111,954.00	SEWER	S.S. ADJACENT TO S. BRANCH POTOMAC RIVER COMMENT: SUSPEND FOR FUTURE INVESTIGATION. CONSIDERING THE AMOUNT OF DAMAGE & THE S.S. SYSTEMS AND PROXIMITY TO THE RIVER, HAZARD MITIGATION MUST BE CONSIDERED. SUCH AS RELOCATION TO A LESS VULNERABLE POSITION, DEEPENING AND/OR CONCRETE ENCASUREMENT OF THE PIPE. APPLICANT MAY REQUEST A GRANT-IN-LIEU - REF. LETTER OF 12/9/85.
10667	F	87/05/07	1,625.00	S.S. DIRTY RUN	TOWN OF FRANKLIN COMMENT: SANITARY SEWERLINE WAS UNDERMINED AND BROKE IN THREE LOCATIONS. HAD TO REPLACE. NOT PREVIOUSLY CONSIDERED.
10668	F	87/05/07	1,544.00	WTR MAIN PROBST	TOWN OF FRANKLIN COMMENT: REPLACE DESTROYED WATER MAIN WASHED OUT BY FLOOD. NOT PREVIOUSLY CONSIDERED.

CAT F TOTAL ( 4 DSRS) 230,663.00 ELIGIBLE  
230,663.00 100% FEDERAL SHARE

GRAND TOTAL: 1 CATEGORIES  
4 DSRS 230,663.00 ELIGIBLE  
230,663.00 100% FEDERAL SHARE

VERIFIED BY:   
PUBLIC ASSISTANCE OFFICER  
DATE: 4/21/86

APPROVED BY:   
DISASTER RECOVERY MANAGER  
4/22/86

  
GOVERNOR'S AUTHORIZED REPRESENTATIVE  
DATE: 20 APRIL '86

RECEIVED MAY 22 1986

TYPE: ...

FEDERAL EMERGENCY MANAGEMENT AGENCY

DMIS/PWAS REPORT ENG: PROJECT SUMMARY  
CONTRACT: 753

ID: 071-29044 APPLICANT: FRANKLIN, TOWN OF  
SUPPLEMENT NO.: 3 GRANT CODE: LG

DSR	CATEGORY	COMPLETION DATE	APPROVED	PROJECT IDENT	PROJECT LOCATION
10444	F	87/05/07	115,540.00	LAGOON WORKSITE: 10577	TOWN OF FRANKLIN
				COMMENT: TO ASSIST TOWN TO UPDATE ITS SEWAGE TREATMENT & CONFIRM TO EPA. ALLOW FOR EXCAVATION (DEEPENING) OF LAGOON. ALLOW FOR BATTLE. ALLOW FOR FINAL METER EFFLUENT. ALLOW FOR 1/2 AERATION OF LAGOON. ENGINEERING FEE ALLOWED.	
10579	F	87/05/07	111,954.00	SEWER	S.S. ADJACENT TO S. BRANCH POTOMAC RIVER
				COMMENT: CONSIDERING THE AMOUNT OF DAMAGE & THE S.S. SYSTEMS AND PROXIMITY TO THE RIVER, HAZARD MITIGATION HAS BEEN CONSIDERED. SUCH AS RELOCATION TO A LESS VULNERABLE POSITION, DEPENDING AND/OR CONCRETE ENCASMENT OF THE PIPE PIPE. APPLICANT MAY REQUEST A GRANT-IN-LIEU-REF. LETTER OF 12/5/85.	
10667	F	87/05/07	1,625.00	S.S. DIRTY RUN	TOWN OF FRANKLIN
				COMMENT: SANITARY SEWERLINE WAS UNDERMINED AND BROKE IN THREE LOCATIONS. HAD TO REPLACE. NOT PREVIOUSLY CONSIDERED.	
10668	F	87/05/07	1,544.00	WTR MAIN PROEST	TOWN OF FRANKLIN
				COMMENT: REPLACE DESTROYED WATER MAIN WASHED OUT BY FLOOD. NOT PREVIOUSLY CONSIDERED.	
CAT F TOTAL ( 4 DSRs)			230,663.00 ELIGIBLE		
			230,663.00 100% FEDERAL SHARE		

GRAND TOTAL: 1 CATEGORIES  
4 DSRs 230,663.00 ELIGIBLE  
230,663.00 100% FEDERAL SHARE

5-19-86

FEMA Revised Original to prevent possible confusion created by language of DSR 10579

RS

VERIFIED BY: \_\_\_\_\_  
PUBLIC ASSISTANCE OFFICER  
DATE: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_  
DISASTER RECOVERY MANAGER  
DATE: \_\_\_\_\_

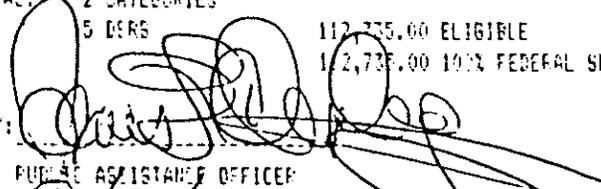
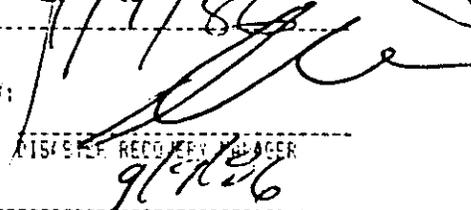
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GOVERNOR'S AUTHORIZED REPRESENTATIVE  
DATE: \_\_\_\_\_

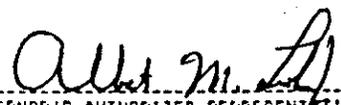
FEDERAL EMERGENCY MANAGEMENT AGENCY

DMIS/FAAS REPORT ENG: PROJECT SUMMARY  
CONTRACT: 753

ID: 071-29044  
SUPPLEMENT NO.: 5  
APPLICANT: FRANKLIN TOWN OF  
GRANT CODE: CG

DSF	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
B4724	E	87/07/16	220.00	WOOD EATER WORKSITE: 10524 COMMENT: SUPPLEMENT TO DSF 10524 DEDUCT \$100.00, \$220.00 IS SUFFICIENT FOR A ECONOMY POWERED UNIT.	MAINTENANCE SHED
CAT E TOTAL ( 1 DSF)			220.00 ELIGIBLE	220.00 100% FEDERAL SHARE	
B6696	F	87/07/16	84,778.00	SEWER WORKSITE: 10579 COMMENT: SUPPLEMENT TO DSF 10579 DEDUCT \$1,200.00 FOR LINE ITEM 29, NOT IN SCOPE OF WORK.	SS ADJACENT TO S. BRANCH POTOMAC RIVER
B6697	F	87/07/16	17,842.00	A/E SERVICES WORKSITE: 10577 COMMENT: SUPPLEMENT TO DSF 10577	SEWAGE L4500A
B6699	F	87/07/16	6,976.00	A/E SERVICES WORKSITE: 10579 COMMENT: SUPPLEMENT TO DSF 10579	TOWN OF FRANKLIN
B7663	F	87/07/16	3,017.00	RIVER CROSSING WORKSITE: 27710 COMMENT: SUPPLEMENT TO DSF 27710 DEDUCT \$671.00 SEE REVIEWERS COMMENTS	SOUTH BRANCH RIVER
CAT F TOTAL ( 4 DSF)			112,613.00 ELIGIBLE	112,613.00 100% FEDERAL SHARE	
GRAND TOTAL: 2 CATEGORIES 5 DSF			112,735.00 ELIGIBLE	112,735.00 100% FEDERAL SHARE	

VERIFIED BY:   
 PUBLIC ASSISTANCE OFFICER  
 DATE: 9/9/84  
 APPROVED BY:   
 DISASTER RECOVERY MANAGER  
 DATE: 9/12/86

  
 GOVERNOR'S AUTHORIZED REPRESENTATIVE  
 DATE: 12 Sept '86

## FEDERAL EMERGENCY MANAGEMENT AGENCY

DMIS/PAAS REPORT ENG: ENGINEERING ANALYSIS

CONTRACT: 753

ID: 071-29044      APPLICANT: FRANKLIN, TOWN OF  
 SUPPLEMENT NO.: 0      GRANT CODE: CG

DSR	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
10501	D	87/05/07	10,811.00		
COMMENT: RESTORE XSEC TO CHANNEL AND REPLACE ONE CROSSING.					
CAT D TOTAL ( 1 DSR)			10,811.00 ELIGIBLE		
			10,811.00 100% FEDERAL SHARE		
10524	E	87/05/07	4,910.00	BUILDING/YARD	FRANKLIN, MAINTENANCE SHED
COMMENT: REMOVE DEBRIS FROM MAINTENANCE STORAGE AREA & SHED. SERVICE, CLEAN & REPLACE MISC EQUIPMENT. APPLICANT IS URGED TO SECURE FLOOD INSURANCE COVERAGE.					
CAT E TOTAL ( 1 DSR)			4,910.00 ELIGIBLE		
			4,910.00 100% FEDERAL SHARE		
10258	F	87/05/07	2,304.00		
WORKSITE: 10577					
COMMENT: APPLICANT HAS (BY LETTER ATTACHED) INDICATED THE INTENT TO REQUEST A GIL. IF THE BENTONITE SEAL COST IS SUBSTANTIALLY UNDERESTIMATED & IF A GIL IS APPROVED, UPON COMPLETION, THE APPLICANT MAY REQUEST THE ADDITIONAL COST BE ADDED TO THE GRANT. REF. DSR 10577 ENGINEERING COST TO BE INCREASED TO 10.2% OF \$192,037 FOR A TOTAL OF \$19,588. \$19,588 - 17,283 = \$2,304 DESIGN COST. THIS DSR SUPL TO DSR 10577.					
10259	F	00/00/00	.00		SEWAGE LAGOON TOWN OF FRANKLIN
COMMENT: DEEPENING, PROVIDING BAFFLE, AERATION & DISINFECTION WOULD PROVIDE A HIGHER LEVEL OF TREATMENT THAN WAS PROVIDED PRIOR TO THE DISASTER. INELIGIBLE. REF DR&R 2 PG 7-18 E. SEE APPLICANT'S LETTER OF NON-CONCURRENCE ATTACHED TO DSR.					
10577	F	87/05/07	209,320.00		FRANKLIN S.S. LAGOON
COMMENT: REPAIR LAGOON, REMOVE DEBRIS, RESTORE BENTONITE LINING, LEVEE, SLOPE FENCE ETC. APPLICANT MAY REQUEST A GRANT-IN-LIEU, REF. HIS LETTER DATED 12/9/85					
10581	F	87/05/07	11,437.00	RESERVOIR	FRANKLIN WATER SUPPLY RESERVOIR
COMMENT: REMOVE DEBRIS FROM RESERVOIR.					
CAT F TOTAL ( 4 DSR)			223,061.00 ELIGIBLE		
			223,061.00 100% FEDERAL SHARE		

DATE: 8/10/86

TIME: 14:12

PAGE 1

FEDERAL EMERGENCY MANAGEMENT AGENCY

DMIS/PRAIS REPORT ENG: PROJECT SUMMARY

CONTRACT: 753

ID: 071-2244  
SUPPLEMENT NO.: 5

APPLICANT: FRANKLIN TOWN OF  
GRANT CODE: CG

DEF	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
E8724	E	87/07/16	220.00	WEED EATER WOP SITE: 10524 COMMENT: SUPPLEMENT TO DEF 1-524 DEDUCT \$100.00, \$220.00 IS SUFFICIENT FOR A 6000 GPH POWERED UNIT.	MAINTENANCE AREA
CAT E TOTAL ( 1 DEF)			220.00 ELIGIBLE 220.00 100% FEDERAL SHARE		
E8695	F	87/07/16	84,778.00	SEWER WOP SITE: 10575 COMMENT: SUPPLEMENT TO DEF 10575 DEDUCT \$1,200.00 FOR LINE ITEM 29, NOT IN SCOPE OF WORK.	SS ADJACENT TO S. BRANCH POTOMAC RIVER
E8697	F	87/07/16	17,642.00	A/E SERVICES WOP SITE: 10577 COMMENT: SUPPLEMENT TO DEF 10577	SEWAGE LIFTSTATION
E8698	F	87/07/16	6,978.00	A/E SERVICES WOP SITE: 10579 COMMENT: SUPPLEMENT TO DEF 10579	TOWN OF FRANKLIN
E8692	F	87/07/16	3,017.00	RIVER CROSSING WOP SITE: 27710 COMMENT: SUPPLEMENT TO DEF 27710 DEDUCT \$671.00 SEE REVIEWERS COMMENTS	SOUTH BRANCH RIVER
CAT F TOTAL ( 4 DEFS)			112,515.00 ELIGIBLE 112,515.00 100% FEDERAL SHARE		

GRAND TOTAL: 2 CATEGORIES  
5 DEFS  
112,735.00 ELIGIBLE  
112,735.00 100% FEDERAL SHARE

VERIFIED BY: *[Signature]*  
PUBLIC ASSISTANCE OFFICER

DATE: 9/19/86

APPROVED BY: *[Signature]*  
DISTRICT RECOVERER MANAGER

DATE: 9/19/86

*[Signature]*  
GOVERNOR'S AUTHORIZED REPRESENTATIVE  
DATE: 12 Sept '86

DATE: 8/10/77  
TIME: 14:27:42

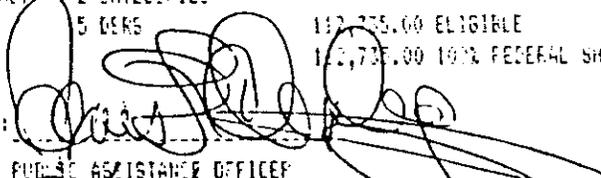
FEDERAL EMERGENCY MANAGEMENT AGENCY

DMIS/PAAS REPORT END: PROJECT SUMMARY  
CONTRACT: 753

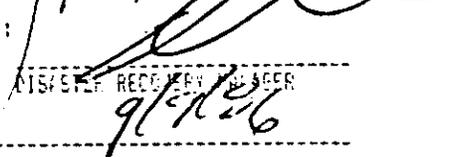
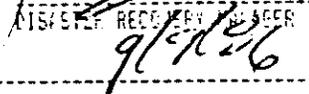
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SUPPLEMENT NO.: 5  
APPLICANT: FRANKLIN, TOWN OF  
GRANT CODE: CG

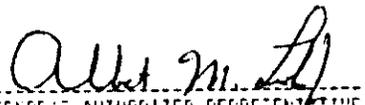
DEF	CATEGORY	COMPLETION DATE	\$APPROVED	PROJECT IDENT	PROJECT LOCATION
84724	E	87/01/16	220.00	WELL WATER WQSITE: 10524	MAINTENANCE BRD COMMENT: SUPPLEMENT TO DEF 10524 DEDUCT \$100.00, \$220.00 IS SUFFICIENT FOR A GOOD GAS FLOWED UNIT.
CAT E TOTAL ( 1 DEF)			220.00 ELIGIBLE 220.00 100% FEDERAL SHARE		
81559	F	87/07/16	84,778.00	SEWER WQSITE: 10576	SS ADJACENT TO S. BRANCH POTOMAC RIVER COMMENT: SUPPLEMENT TO DEF 10576 DEDUCT \$1,200.00 FOR LINE ITEM 28, NOT IN SCOPE OF WORK.
84497	F	87/07/16	17,842.00	A/E SERVICES WQSITE: 10577	SEWER LAGOON COMMENT: SUPPLEMENT TO DEF 10577
86699	F	87/07/16	6,878.00	A/E SERVICES WQSITE: 10579	TOWN OF FRANKLIN COMMENT: SUPPLEMENT TO DEF 10579
87690	F	87/07/16	3,017.00	RIVER CROSSING WQSITE: 27710	SOUTH BRANCH RIVER COMMENT: SUPPLEMENT TO DEF 27710 DEDUCT \$671.00 SEE REVIEWERS COMMENTS
CAT F TOTAL ( 4 DEF)			112,515.00 ELIGIBLE 112,515.00 100% FEDERAL SHARE		

GRAND TOTAL: 2 CATEGORIES  
5 DEFS  
117,735.00 ELIGIBLE  
117,735.00 100% FEDERAL SHARE

VERIFIED BY:   
PUBLIC ASSISTANCE OFFICER

DATE: 9/9/86

APPROVED BY:   
DISPENSER RECEIVED BY:   
DATE: 9/11/86

  
GOVERNOR'S AUTHORIZED REPRESENTATIVE  
DATE: 12 Sept 86



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The Town of Franklin Sewer Revenue Bonds, Series 1987 A and Series 1987 B, all dated June 8, 1987, in the aggregate principal amount of \$273,396 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 8th day of June, 1987.

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION

By

  
Its Corporate Trust Administrative  
Officer

06/01/87  
FRKNS1-R



THE TOWN OF FRANKLIN

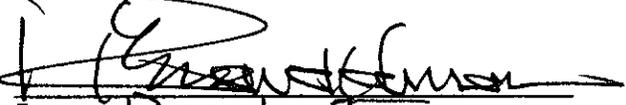
Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

Pendleton County Bank, a state banking corporation, with principal office in Franklin, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Ordinance of The Town of Franklin, enacted May 26, 1987, authorizing issuance of the Town's Sewer Revenue Bonds, Series 1987 A and Series 1987 B, both dated June 8, 1987, in the aggregate principal amount of \$273,396 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Ordinance.

Dated this 8th day of June, 1987.

PENDLETON COUNTY BANK

By   
Its President

05/28/87  
FRKNS1-S



THE TOWN OF FRANKLIN

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

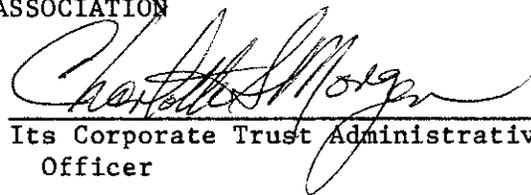
CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Corporate Trust Administrative Officer of Kanawha Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$273,396 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of The Town of Franklin (the "Issuer"), hereby certify that on the 8th day of June, 1987, the single fully registered Series 1987 A Bond of the Issuer in the principal amount of \$220,741 designated "Sewer Revenue Bond, Series 1987 A," numbered AR-1, and the single fully registered Series 1987 B Bond of the Issuer in the principal amount of \$52,655 designated "Sewer Revenue Bond, Series 1987 B," numbered BR-1, were registered as to principal and interest (the Series 1987 B Bond being 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 the Kanawha Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 8th day of June, 1987.

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION

By

  
Its Corporate Trust Administrative  
Officer

06/01/87  
FRKNS1-T



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 8th day of June, 1987, by and between THE TOWN OF FRANKLIN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$273,396 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Ordinance enacted May 26, 1987, and a Supplemental Resolution adopted June 2, 1987 (collectively, the "Local Act");

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 Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act 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 Local Act, 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 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, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act 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 Local Act 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  
                              Town Office  
                              P. O. Box 483  
                              Franklin, West Virginia 26807  
                              Attention: Mayor

REGISTRAR: Kanawha Valley Bank, National Association  
One Valley Square  
Post Office Box 1793  
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 Local Act.

IN WITNESS WHEREOF, THE TOWN OF FRANKLIN and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, 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

By Bruce A. Minor  
Mayor

KANAWHA VALLEY BANK, NATIONAL  
ASSOCIATION

By Charlotte Morgan  
Its Corporate Trust Administrative  
Officer

06/01/87  
FRKNS1-U

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION



TOWN OF FRANKLIN, WEST VIRGINIA  
ATT: MAYOR

**KANAWHA VALLEY BANK, N.A.**

ONE VALLEY SQUARE ATTENTION:  
P.O. BOX 1793  
CHARLESTON, WEST VIRGINIA 25326

CHARLOTTE S. MORGAN  
CORPORATE TRUST DEPT.

INVOICE DATE:         JUNE 8, 1987        

UNITS	ITEM DESCRIPTION		TOTAL
	TOWN OF FRANKLIN SEWER REVENUE BONDS 1987 SERIES A \$220741.00 PAR & SERIES B \$52,655 PAR  SERVICES AS AUTHENTICATING AGENT AND REGISTRAR ONE TIME FEE.....		500.00

442-23



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1987 A, of The Town of Franklin in the principal amount of \$220,741, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: June 8, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky  
Its Authorized Representative

06/01/87  
FRKNS1-V