

**FRANKFORT PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)**

**Date of Closing: June 22, 2000**

**BOND TRANSCRIPT**

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**BOND TRANSCRIPT**

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**FRANKFORT PUBLIC SERVICE DISTRICT**  
**SEWER REVENUE BONDS,**  
**SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND**  
**SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

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FRANKFORT PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF NEW PUBLIC SEWERAGE FACILITIES OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND \$1,572,459 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF FRANKFORT PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Frankfort Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Mineral County of said State.

B. The Issuer does not presently own or operate a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed new public sewerage facilities of the Issuer, consisting of approximately 3,000 feet of ten-inch gravity sewer line, 33,800 feet of eight-inch force main, three pump stations, manholes and other facilities necessary to complete the collection system and to provide for the pumping of sewage to Cumberland, Maryland, for treatment, to serve approximately 465 customers in the Wiley Ford area of Mineral County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. The Issuer has determined that, by refunding its outstanding Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated September 30, 1997, issued in the original principal amount of \$98,212 (the "Prior Bonds"), it can achieve significant savings in debt service. The entire outstanding principal of, all interest accrued on, if any, and the administrative fee for, if any, the Prior Bonds will be paid in full with proceeds of the Series 2000 B Bonds on the date of issuance thereof.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of \$2,072,459, in two series (collectively, the "Series 2000 Bonds"), being the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the aggregate principal amount of \$500,000 (the "Series 2000 A Bonds"), and the Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of \$1,572,459 (the "Series 2000 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay in full the Prior Bonds. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property

rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2000 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as 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 Series 2000 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

H. Following the refunding of the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2000 Bonds and to make payments into all funds and accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Prior Bonds and issuance of the

Series 2000 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2000 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

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

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all 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, collectively, the Series 2000 Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2000 Bonds for all or a portion of the proceeds of the Series 2000 Bonds from the Authority.

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

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02E hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

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

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

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

"Investment Property" means:

- of the Code),
- (A) any security (within the meaning of Section 165(g)(2)(A) or (B)
  - (B) any obligation,
  - (C) any annuity contract,
  - (D) any investment-type property, or
  - (E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

"Issuer" means Frankfort Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Mineral County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority, and the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2000 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2000 Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), as described in Section 1.02D hereof.

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

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2000 Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2000 Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

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

"Series 2000 Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds.

"Series 2000 A Bonds" means the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2000 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers

specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF PRIOR BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project and Refunding of the Prior Bonds. There is hereby authorized and ordered the refunding of the Prior Bonds and the acquisition and construction of the Project, at an estimated cost of \$3,840,939 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is estimated to be \$3,840,939, of which approximately \$500,000 will be obtained from proceeds of the Series 2000 A Bonds, approximately \$1,572,459 will be obtained from proceeds of the Series 2000 B Bonds, and approximately \$100,000 will be obtained from a grant by the West Virginia Infrastructure Fund, approximately \$705,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately \$963,480 from a West Virginia State Revolving Fund Hardship Grant.

The cost of refunding the Prior Bonds is estimated to be \$101,158, which will be obtained from the proceeds of the Series 2000 B Bonds.

### 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 2000 Bonds, funding the respective Reserve Accounts for the Series 2000 Bonds, refunding the Prior Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2000 Bonds of the Issuer. The Series 2000 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program)," in the principal amount of \$500,000, and "Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of \$1,572,459, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2000 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 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 Series 2000 Bonds, if any, 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 Series 2000 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2000 Bonds. The Series 2000 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 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. The Bond Registrar for the Series 2000 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2000 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 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2000 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, all Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2000 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 next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 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. No holder or holders of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2000 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2000 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2000 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2000 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRANKFORT PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2000 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That FRANKFORT PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (ii) to pay

certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2000, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

**THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED \_\_\_\_\_, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,572,459 (THE "SERIES 2000 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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 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 One 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 Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, FRANKFORT PUBLIC SERVICE DISTRICT  
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Bond to be dated  
\_\_\_\_\_, 2000.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

\_\_\_\_\_  
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2000 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRANKFORT PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 2000 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That FRANKFORT PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2000.

This Bond is issued (i) to pay in full the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund); (ii) to pay a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds")

and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2000, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED \_\_\_\_\_, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds; provided however, that so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 A 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 One 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 Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, FRANKFORT PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 2000.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

\_\_\_\_\_  
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11.      Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman 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 Secretary 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, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12.      "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council a schedule, the forms of which will be provided by the DEP and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2000 A Bonds Construction Trust Fund; and
- (4) Series 2000 B Bonds Construction Trust Fund.

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

- (1) Series 2000 A Bonds Sinking Fund;
- (2) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account;
- (3) Series 2000 B Bonds Sinking Fund; and
- (4) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 A Bonds Reserve Requirement; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, if not fully

funded upon issuance of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 B Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank 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 any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue

Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2000 A Bonds Reserve Account or the Series 2000 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2000 Bonds are issued, provision shall be made for additional payments into the respective sinking funds 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 amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund or the Series 2000 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds

Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2000 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent

thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

I. 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.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01.      Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 A Bonds for the period commencing on the date of issuance of the Series 2000 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2000 A Bonds, there shall be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2000 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2000 B Bonds, there shall be deposited with the Commission in the Series 2000 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2000 B Bonds Reserve Account.

E. Next, from the proceeds of the Series 2000 B Bonds, there shall be paid to the Holders of the Prior Bonds the entire outstanding principal of, all accrued interest on and the administrative fee for the Prior Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

G. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 B Bonds.

H. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be applied as directed by the DEP and any remaining proceeds of the Series 2000 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds, in compliance with the construction schedule, and

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

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

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

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

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

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (c) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the respective Bond Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2000 B Bonds within 3 years of issuance of the State's general obligation bonds, the proceeds of which were used to make the loan to the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2000 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not be nor 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 the Series 2000 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered June 21, 2000, in Case No. 99-0347-PSD-CN, and such rates are hereby adopted.

So long as the Series 2000 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth

in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2000 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05.      Sale of the System. So long as the Series 2000 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 Bonds. Any balance remaining after the payment of the Series 2000 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2000 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the DEP and the Council 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 2000 Bonds.

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

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect

to their lien on the 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2000 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 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.

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

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

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

times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the 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 DEP, the Council, the Authority, or any other original purchaser of the Series 2000 Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 2000 Bonds. Such audit report submitted to the DEP, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2000 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the DEP, the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the DEP, the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP, the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by

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

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

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

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

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

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

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

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

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

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

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

requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division 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 Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2000 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2000 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2000 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2000 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2000 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2000 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions

(including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2000 Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts: Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such 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 shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, 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.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

Section 8.02.      Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2000 Bonds as a condition to issuance of the Series 2000 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2000 Bonds as may be necessary in order to

maintain the status of the Series 2000 Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2000 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series 2000 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01.      Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2000 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 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

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

Section 9.02.      Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 A Bonds shall be on a parity with the Holders of the Series 2000 B Bonds.

Section 9.03.      Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond

Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01.      Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01.      Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income of the holders thereof.

Section 11.02.      Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03.      Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution 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 Resolution, the Supplemental Resolution, or the Series 2000 Bonds.

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

Section 11.05.      Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution 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 adoption of this Resolution 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 Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07.      Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Frankfort Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 2000 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2000 Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 15th day of June, 2000.

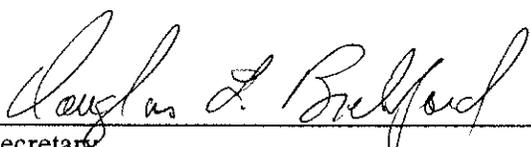
  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of FRANKFORT PUBLIC SERVICE DISTRICT on the 15th day of June, 2000.

Dated: June 22, 2000.

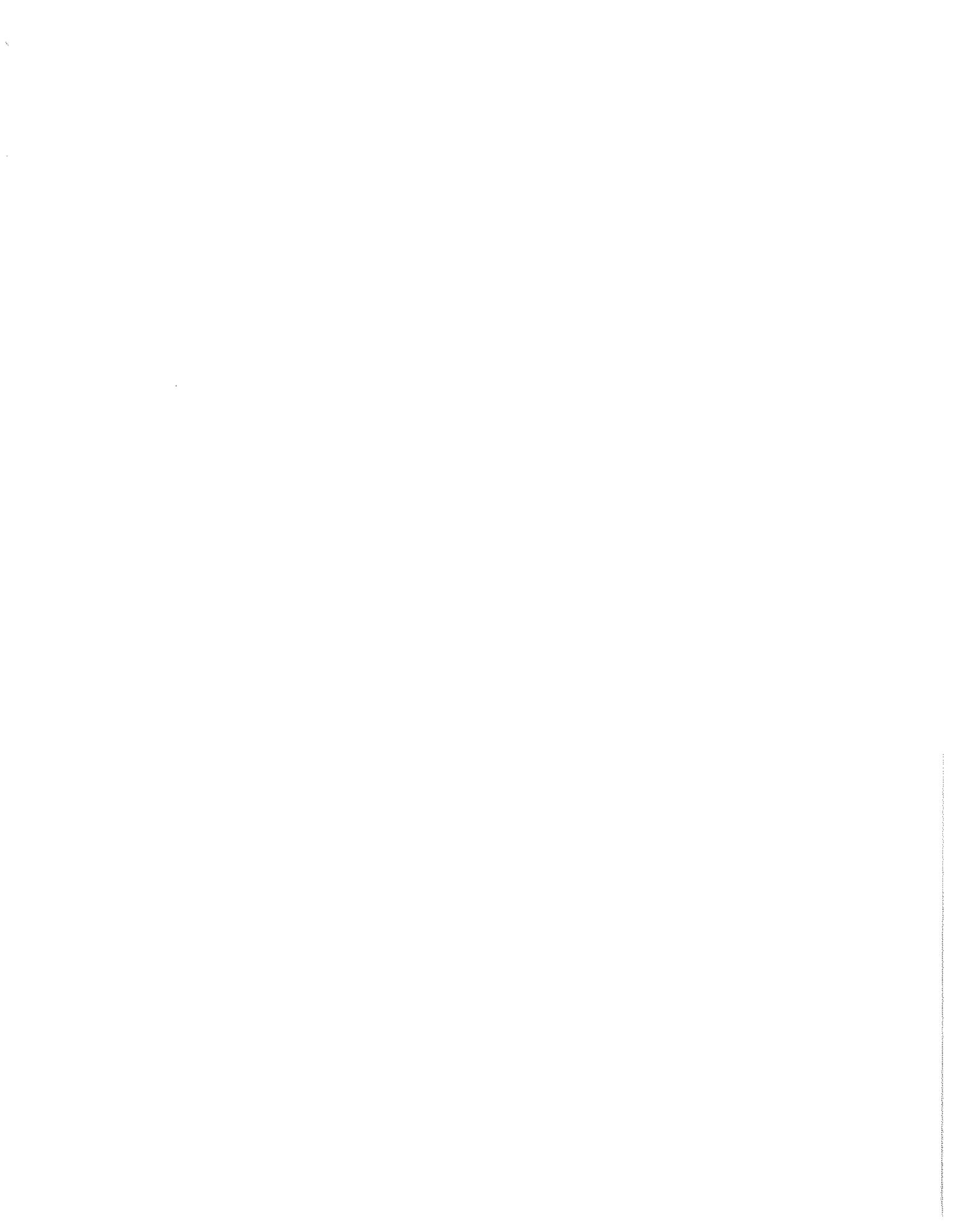
[SEAL]

  
Secretary

06/06/00  
306370/98001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.



FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Frankfort Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective June 15, 2000 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWERAGE SYSTEM DESIGN NOTES, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF NEW PUBLIC SEWERAGE FACILITIES OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$500,000 IN AGGREGATE

PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND \$1,572,459 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Series 2000 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed \$500,000 and \$1,572,459, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2000 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") (the "Bond Purchase Agreement") and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement") (collectively, the Bond Purchase Agreement and the Loan Agreement are referred to as the "Loan Agreements"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, 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 Loan Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms 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 FRANKFORT PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. The Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$500,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2032, and shall bear no interest. The principal of the Series 2000 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1/2% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

B. The Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,572,459. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2040, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending June 1, 2040, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated

in and made a part of the Series 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate F&M Bank - West Virginia, Keyser, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2000 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2000 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2000 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2000 A Bonds Reserve Account.

Section 9. Series 2000 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2000 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2000 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2000 B Bonds Reserve Account.

Section 11. Series 2000 B Bonds proceeds in the amount of \$101,158 shall be applied to pay in full the entire outstanding principal of, all accrued interest on and the administrative fee for the Prior Bonds.

Section 12. The balance of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about June 22, 2000, to the Authority pursuant to the Loan Agreements.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of June, 2000.

FRANKFORT PUBLIC SERVICE DISTRICT

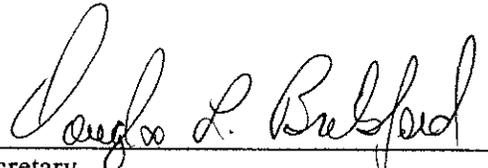
  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Frankfort Public Service District on the 15th day of June, 2000.

Dated: June 22, 2000.

[SEAL]

  
Secretary

06/06/00  
306370/98001



SRF-BPA-1  
(4/6/00)

BOND PURCHASE AGREEMENT

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

FRANKFORT PUBLIC SERVICE DISTRICT

(Local Government)

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

1.10 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

## ARTICLE II

### The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Government, subject to any mortgage lien or other

security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project

facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal

or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

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

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

### ARTICLE III

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

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

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

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the proceeds of the Local Bonds will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and

DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or

construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

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

(xii) That the Local Government shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof;

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

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

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

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

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

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

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

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

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

Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

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

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

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

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

## ARTICLE V

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

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

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

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

## ARTICLE VI

### Other Agreements of the Local Government

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

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

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

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Bond Purchase Agreement.

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

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

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

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

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

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

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

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

FRANKFORT PUBLIC SERVICE DISTRICT

[Name of Local Government]

(SEAL)

By: *J. Blaine Murray*  
Its: Chairman

Attest:

Date: 5/19/00

*Laugha J. Bulsford*  
Its Secretary

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: *Alyson L. Turner*  
Its: Chief

Date: 5-23-00

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: *Daniel Blyzobosky*  
Its: Director

Attest:

Date: May 12, 2000

*Barbara B Meadows*  
Secretary-Treasurer

00832/00372  
4/6/00

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - \_\_\_

Report Month: \_\_\_\_\_

<u>ITEM</u>	<u>CURRENT</u> <u>MONTH</u>	<u>TOTAL</u> <u>YEAR TO</u> <u>DATE</u>	<u>BUDGET</u> <u>YEAR TO</u> <u>DATE</u>	<u>BUDGET</u> <u>YEAR MINUS</u> <u>YEAR TO</u> <u>DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. SRF Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[Name of Local Government]

By: \_\_\_\_\_  
Authorized Officer

## Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $1200/12$ ). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $900/12$ ). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Bond.
4. In Item 4, provide the principal, interest and reserve account payments for this Bond. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.
6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

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

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

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

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

WITNESS my signature and seal on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
By \_\_\_\_\_

West Virginia License No. \_\_\_\_

[SEAL]

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

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

## EXHIBIT E

### SPECIAL CONDITIONS

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

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

C. TITLE OPINION must be submitted prior to closing.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$\_\_\_\_\_

Principal \$\_\_\_\_\_

Total: \$\_\_\_\_\_

Reserve Account: \$\_\_\_\_\_

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Local Government]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Closing]

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

West Virginia Division of Environmental Protection  
617 Broad Street  
Charleston, WV 25301

Ladies and Gentlemen:

We are bond counsel to \_\_\_\_\_ (the "Local Government"), a

\_\_\_\_\_.

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

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

We have also examined the applicable provisions of \_\_\_\_\_ of the

Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly adopted or enacted by the Local Government on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Local Government on \_\_\_\_\_ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>500,000</u>
Purchase Price of Local Bonds	\$ <u>500,000</u>

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

SCHEDULE Y

**Frankfort Public Service District (West Virginia)**

*Loan of \$500,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 8, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	4,167.00	-	4,167.00
9/01/2002	4,167.00	-	4,167.00
12/01/2002	4,167.00	-	4,167.00
3/01/2003	4,167.00	-	4,167.00
6/01/2003	4,167.00	-	4,167.00
9/01/2003	4,167.00	-	4,167.00
12/01/2003	4,167.00	-	4,167.00
3/01/2004	4,167.00	-	4,167.00
6/01/2004	4,167.00	-	4,167.00
9/01/2004	4,167.00	-	4,167.00
12/01/2004	4,167.00	-	4,167.00
3/01/2005	4,167.00	-	4,167.00
6/01/2005	4,167.00	-	4,167.00
9/01/2005	4,167.00	-	4,167.00
12/01/2005	4,167.00	-	4,167.00
3/01/2006	4,167.00	-	4,167.00
6/01/2006	4,167.00	-	4,167.00
9/01/2006	4,167.00	-	4,167.00
12/01/2006	4,167.00	-	4,167.00
3/01/2007	4,167.00	-	4,167.00
6/01/2007	4,167.00	-	4,167.00
9/01/2007	4,167.00	-	4,167.00
12/01/2007	4,167.00	-	4,167.00
3/01/2008	4,167.00	-	4,167.00
6/01/2008	4,167.00	-	4,167.00
9/01/2008	4,167.00	-	4,167.00
12/01/2008	4,167.00	-	4,167.00
3/01/2009	4,167.00	-	4,167.00
6/01/2009	4,167.00	-	4,167.00
9/01/2009	4,167.00	-	4,167.00
12/01/2009	4,167.00	-	4,167.00
3/01/2010	4,167.00	-	4,167.00
6/01/2010	4,167.00	-	4,167.00
9/01/2010	4,167.00	-	4,167.00
12/01/2010	4,167.00	-	4,167.00
3/01/2011	4,167.00	-	4,167.00
6/01/2011	4,167.00	-	4,167.00
9/01/2011	4,167.00	-	4,167.00
12/01/2011	4,167.00	-	4,167.00

SCHEDULE Y

**Frankfort Public Service District (West Virginia)**

*Loan of \$500,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 8, 2000*

**DEBT SERVICE SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
3/01/2012	4,167.00	-	4,167.00
6/01/2012	4,167.00	-	4,167.00
9/01/2012	4,167.00	-	4,167.00
12/01/2012	4,167.00	-	4,167.00
3/01/2013	4,167.00	-	4,167.00
6/01/2013	4,167.00	-	4,167.00
9/01/2013	4,167.00	-	4,167.00
12/01/2013	4,167.00	-	4,167.00
3/01/2014	4,167.00	-	4,167.00
6/01/2014	4,167.00	-	4,167.00
9/01/2014	4,167.00	-	4,167.00
12/01/2014	4,167.00	-	4,167.00
3/01/2015	4,167.00	-	4,167.00
6/01/2015	4,167.00	-	4,167.00
9/01/2015	4,167.00	-	4,167.00
12/01/2015	4,167.00	-	4,167.00
3/01/2016	4,167.00	-	4,167.00
6/01/2016	4,167.00	-	4,167.00
9/01/2016	4,167.00	-	4,167.00
12/01/2016	4,167.00	-	4,167.00
3/01/2017	4,167.00	-	4,167.00
6/01/2017	4,167.00	-	4,167.00
9/01/2017	4,167.00	-	4,167.00
12/01/2017	4,167.00	-	4,167.00
3/01/2018	4,167.00	-	4,167.00
6/01/2018	4,167.00	-	4,167.00
9/01/2018	4,167.00	-	4,167.00
12/01/2018	4,167.00	-	4,167.00
3/01/2019	4,167.00	-	4,167.00
6/01/2019	4,167.00	-	4,167.00
9/01/2019	4,167.00	-	4,167.00
12/01/2019	4,167.00	-	4,167.00
3/01/2020	4,167.00	-	4,167.00
6/01/2020	4,167.00	-	4,167.00
9/01/2020	4,167.00	-	4,167.00
12/01/2020	4,167.00	-	4,167.00
3/01/2021	4,167.00	-	4,167.00
6/01/2021	4,167.00	-	4,167.00
9/01/2021	4,167.00	-	4,167.00
12/01/2021	4,167.00	-	4,167.00
3/01/2022	4,167.00	-	4,167.00
6/01/2022	4,166.00	-	4,166.00
9/01/2022	4,166.00	-	4,166.00
12/01/2022	4,166.00	-	4,166.00
3/01/2023	4,166.00	-	4,166.00
6/01/2023	4,166.00	-	4,166.00

SCHEDULE Y

<b>Frankfort Public Service District (West Virginia)</b> <i>Loan of \$500,000</i> <i>30 Years, 0% Interest Rate, 0.5% Administrative Fee</i> <i>Closing Date: June 8, 2000</i> <b>DEBT SERVICE SCHEDULE</b>			
Date	Principal	Coupon	Total P+I
9/01/2023	4,166.00	-	4,166.00
12/01/2023	4,166.00	-	4,166.00
3/01/2024	4,166.00	-	4,166.00
6/01/2024	4,166.00	-	4,166.00
9/01/2024	4,166.00	-	4,166.00
12/01/2024	4,166.00	-	4,166.00
3/01/2025	4,166.00	-	4,166.00
6/01/2025	4,166.00	-	4,166.00
9/01/2025	4,166.00	-	4,166.00
12/01/2025	4,166.00	-	4,166.00
3/01/2026	4,166.00	-	4,166.00
6/01/2026	4,166.00	-	4,166.00
9/01/2026	4,166.00	-	4,166.00
12/01/2026	4,166.00	-	4,166.00
3/01/2027	4,166.00	-	4,166.00
6/01/2027	4,166.00	-	4,166.00
9/01/2027	4,166.00	-	4,166.00
12/01/2027	4,166.00	-	4,166.00
3/01/2028	4,166.00	-	4,166.00
6/01/2028	4,166.00	-	4,166.00
9/01/2028	4,166.00	-	4,166.00
12/01/2028	4,166.00	-	4,166.00
3/01/2029	4,166.00	-	4,166.00
6/01/2029	4,166.00	-	4,166.00
9/01/2029	4,166.00	-	4,166.00
12/01/2029	4,166.00	-	4,166.00
3/01/2030	4,166.00	-	4,166.00
6/01/2030	4,166.00	-	4,166.00
9/01/2030	4,166.00	-	4,166.00
12/01/2030	4,166.00	-	4,166.00
3/01/2031	4,166.00	-	4,166.00
6/01/2031	4,166.00	-	4,166.00
9/01/2031	4,166.00	-	4,166.00
12/01/2031	4,166.00	-	4,166.00
3/01/2032	4,166.00	-	4,166.00
<b>Total</b>	<b>500,000.00</b>	<b>-</b>	<b>500,000.00 *</b>

\*Plus \$315.10 one-half percent administrative fee paid quarterly.  
 Total administrative fee paid over the life of the loan is \$37,812.





IC-1  
(4/6/00)

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"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

FRANKFORT PUBLIC SERVICE DISTRICT  
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act:

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a 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: and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority 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 money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "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.

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

1.7 "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, all in accordance with the provisions of this Loan Agreement.

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

1.9 "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.

1.10 "Project" means the 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.

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

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

## ARTICLE II

### The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their 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 the Council and their duly authorized agents and representatives 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 and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

contractor and all subcontractors, as 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 are outstanding, business interruption insurance if available at a reasonable cost.

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

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

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Council, 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.

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10<sup>th</sup> of each month to the Authority and Council.

## ARTICLE III

### Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, 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 delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(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 and the Council 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") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council 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 and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council 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 and the Council, to such effect;

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

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council 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, the Council 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 ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, 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 adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the 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 a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; 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 the Authority 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 or construction of the Project, or both, 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 or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

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

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

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

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

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin,

sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

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

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 and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the 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 expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

## ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. 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 and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to Section 4.2 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 the Act and State law, including, without limitation, the right to an appointment of a receiver.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby 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 the Act or this Loan Agreement.

6.2 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 exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

## ARTICLE VII

### Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established 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 and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 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.

7.5 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.

7.6 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.

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

7.9 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.

7.10 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 6.1 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, acting on behalf of the Council.

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.

FRANKFORT PUBLIC SERVICE DISTRICT

(SEAL)

By: *A. Blaine Murray*

Its: Chairman

Attest:

*Ray L. Buehler*

Date: May 26, 2000

Its: Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By: *Daniel B. Lyuboshin*

Its: Director

Attest:

*Barbara B. Meadows*  
Secretary-Treasurer

Date: May 25, 2000

00832/00466

4/7/00

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

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

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

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

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

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and  
Jobs Development Council  
980 One Valley Square  
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated \_\_\_\_\_, \_\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated \_\_\_\_\_, \_\_\_\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$\_\_\_\_\_, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning \_\_\_\_\_, 1, \_\_\_\_\_, and ending \_\_\_\_\_, 1, \_\_\_\_\_, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly adopted or enacted by the Governmental Agency on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on \_\_\_\_\_ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

-22-

EXHIBIT C

[Form of Monthly Financial Report]  
[Name of Governmental Agency]  
[Name of Bond Issue]  
Fiscal Year - \_\_\_\_  
Report Month: \_\_\_\_\_

<u>ITEM</u>	TOTAL		BUDGET	
	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>YEAR MINUS YEAR TO DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Governmental Agency]

By: \_\_\_\_\_  
Authorized Officer

## Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $1200/12$ ). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $900/12$ ). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.
6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	\$_____
Principal	\$_____
Total:	\$_____
Reserve Account:	\$_____

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Governmental Agency]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$1,572,459
Purchase Price of Local Bonds	\$1,572,459

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

None.

SCHEDULE Y

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	10,278.00	-	10,278.00
9/01/2002	10,278.00	-	10,278.00
12/01/2002	10,278.00	-	10,278.00
3/01/2003	10,278.00	-	10,278.00
6/01/2003	10,278.00	-	10,278.00
9/01/2003	10,278.00	-	10,278.00
12/01/2003	10,278.00	-	10,278.00
3/01/2004	10,278.00	-	10,278.00
6/01/2004	10,278.00	-	10,278.00
9/01/2004	10,278.00	-	10,278.00
12/01/2004	10,278.00	-	10,278.00
3/01/2005	10,278.00	-	10,278.00
6/01/2005	10,278.00	-	10,278.00
9/01/2005	10,278.00	-	10,278.00
12/01/2005	10,278.00	-	10,278.00
3/01/2006	10,278.00	-	10,278.00
6/01/2006	10,278.00	-	10,278.00
9/01/2006	10,278.00	-	10,278.00
12/01/2006	10,278.00	-	10,278.00
3/01/2007	10,278.00	-	10,278.00
6/01/2007	10,278.00	-	10,278.00
9/01/2007	10,278.00	-	10,278.00
12/01/2007	10,278.00	-	10,278.00
3/01/2008	10,278.00	-	10,278.00
6/01/2008	10,278.00	-	10,278.00
9/01/2008	10,278.00	-	10,278.00
12/01/2008	10,278.00	-	10,278.00
3/01/2009	10,278.00	-	10,278.00
6/01/2009	10,278.00	-	10,278.00
9/01/2009	10,278.00	-	10,278.00
12/01/2009	10,278.00	-	10,278.00
3/01/2010	10,278.00	-	10,278.00
6/01/2010	10,278.00	-	10,278.00
9/01/2010	10,278.00	-	10,278.00
12/01/2010	10,278.00	-	10,278.00
3/01/2011	10,278.00	-	10,278.00
6/01/2011	10,278.00	-	10,278.00
9/01/2011	10,278.00	-	10,278.00
12/01/2011	10,278.00	-	10,278.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2012	10,278.00	-	10,278.00
6/01/2012	10,278.00	-	10,278.00
9/01/2012	10,278.00	-	10,278.00
12/01/2012	10,278.00	-	10,278.00
3/01/2013	10,278.00	-	10,278.00
6/01/2013	10,278.00	-	10,278.00
9/01/2013	10,278.00	-	10,278.00
12/01/2013	10,278.00	-	10,278.00
3/01/2014	10,278.00	-	10,278.00
6/01/2014	10,278.00	-	10,278.00
9/01/2014	10,278.00	-	10,278.00
12/01/2014	10,278.00	-	10,278.00
3/01/2015	10,278.00	-	10,278.00
6/01/2015	10,278.00	-	10,278.00
9/01/2015	10,278.00	-	10,278.00
12/01/2015	10,278.00	-	10,278.00
3/01/2016	10,278.00	-	10,278.00
6/01/2016	10,278.00	-	10,278.00
9/01/2016	10,278.00	-	10,278.00
12/01/2016	10,278.00	-	10,278.00
3/01/2017	10,278.00	-	10,278.00
6/01/2017	10,278.00	-	10,278.00
9/01/2017	10,278.00	-	10,278.00
12/01/2017	10,278.00	-	10,278.00
3/01/2018	10,278.00	-	10,278.00
6/01/2018	10,278.00	-	10,278.00
9/01/2018	10,278.00	-	10,278.00
12/01/2018	10,278.00	-	10,278.00
3/01/2019	10,278.00	-	10,278.00
6/01/2019	10,278.00	-	10,278.00
9/01/2019	10,278.00	-	10,278.00
12/01/2019	10,278.00	-	10,278.00
3/01/2020	10,278.00	-	10,278.00
6/01/2020	10,278.00	-	10,278.00
9/01/2020	10,278.00	-	10,278.00
12/01/2020	10,278.00	-	10,278.00
3/01/2021	10,278.00	-	10,278.00
6/01/2021	10,278.00	-	10,278.00
9/01/2021	10,278.00	-	10,278.00
12/01/2021	10,277.00	-	10,277.00
3/01/2022	10,277.00	-	10,277.00
6/01/2022	10,277.00	-	10,277.00
9/01/2022	10,277.00	-	10,277.00
12/01/2022	10,277.00	-	10,277.00
3/01/2023	10,277.00	-	10,277.00
6/01/2023	10,277.00	-	10,277.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
9/01/2023	10,277.00	-	10,277.00
12/01/2023	10,277.00	-	10,277.00
3/01/2024	10,277.00	-	10,277.00
6/01/2024	10,277.00	-	10,277.00
9/01/2024	10,277.00	-	10,277.00
12/01/2024	10,277.00	-	10,277.00
3/01/2025	10,277.00	-	10,277.00
6/01/2025	10,277.00	-	10,277.00
9/01/2025	10,277.00	-	10,277.00
12/01/2025	10,277.00	-	10,277.00
3/01/2026	10,277.00	-	10,277.00
6/01/2026	10,277.00	-	10,277.00
9/01/2026	10,277.00	-	10,277.00
12/01/2026	10,277.00	-	10,277.00
3/01/2027	10,277.00	-	10,277.00
6/01/2027	10,277.00	-	10,277.00
9/01/2027	10,277.00	-	10,277.00
12/01/2027	10,277.00	-	10,277.00
3/01/2028	10,277.00	-	10,277.00
6/01/2028	10,277.00	-	10,277.00
9/01/2028	10,277.00	-	10,277.00
12/01/2028	10,277.00	-	10,277.00
3/01/2029	10,277.00	-	10,277.00
6/01/2029	10,277.00	-	10,277.00
9/01/2029	10,277.00	-	10,277.00
12/01/2029	10,277.00	-	10,277.00
3/01/2030	10,277.00	-	10,277.00
6/01/2030	10,277.00	-	10,277.00
9/01/2030	10,277.00	-	10,277.00
12/01/2030	10,277.00	-	10,277.00
3/01/2031	10,277.00	-	10,277.00
6/01/2031	10,277.00	-	10,277.00
9/01/2031	10,277.00	-	10,277.00
12/01/2031	10,277.00	-	10,277.00
3/01/2032	10,277.00	-	10,277.00
6/01/2032	10,277.00	-	10,277.00
9/01/2032	10,277.00	-	10,277.00
12/01/2032	10,277.00	-	10,277.00
3/01/2033	10,277.00	-	10,277.00
6/01/2033	10,277.00	-	10,277.00
9/01/2033	10,277.00	-	10,277.00
12/01/2033	10,277.00	-	10,277.00
3/01/2034	10,277.00	-	10,277.00
6/01/2034	10,277.00	-	10,277.00
9/01/2034	10,277.00	-	10,277.00
12/01/2034	10,277.00	-	10,277.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

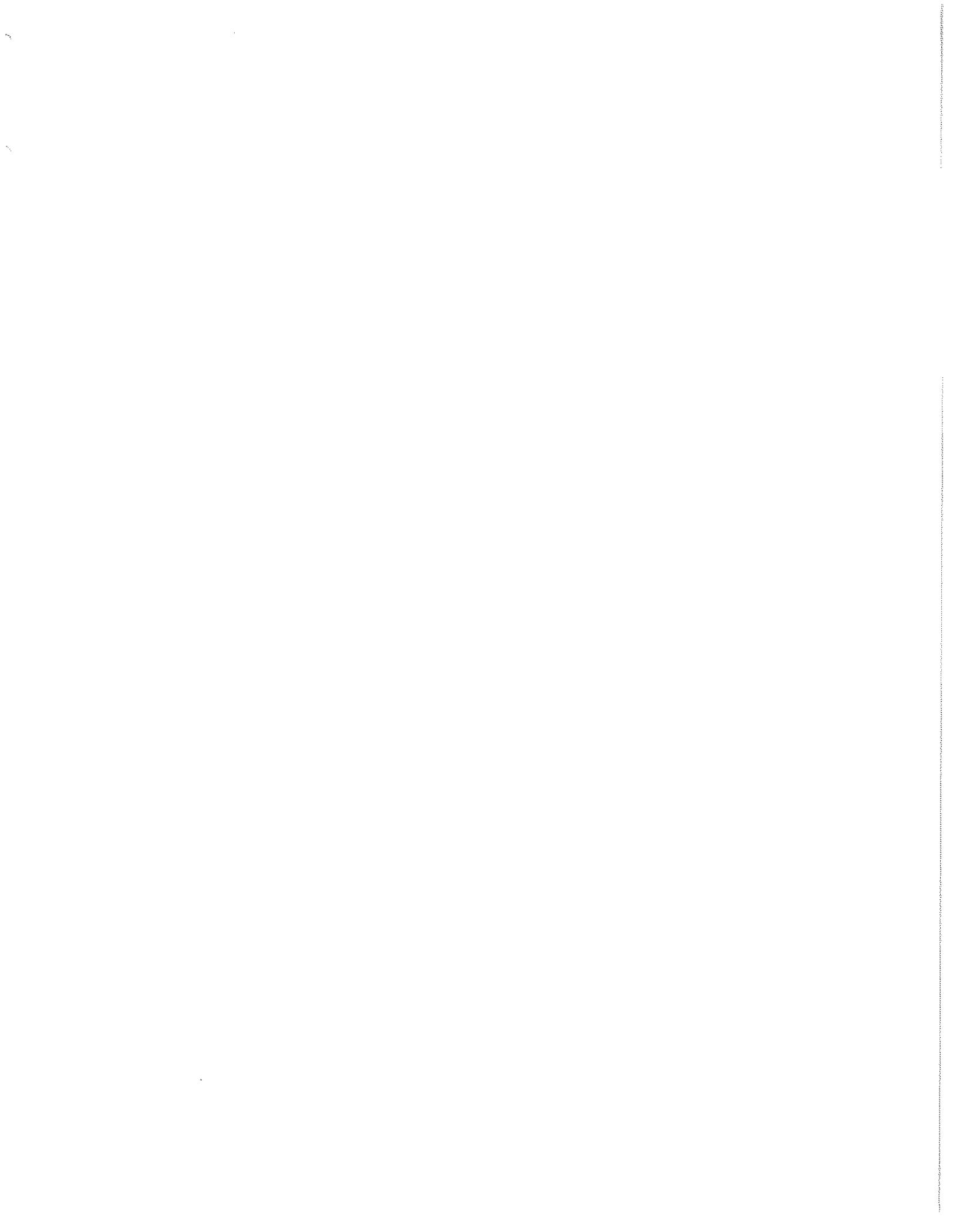
<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
3/01/2035	10,277.00	-	10,277.00
6/01/2035	10,277.00	-	10,277.00
9/01/2035	10,277.00	-	10,277.00
12/01/2035	10,277.00	-	10,277.00
3/01/2036	10,277.00	-	10,277.00
6/01/2036	10,277.00	-	10,277.00
9/01/2036	10,277.00	-	10,277.00
12/01/2036	10,277.00	-	10,277.00
3/01/2037	10,277.00	-	10,277.00
6/01/2037	10,277.00	-	10,277.00
9/01/2037	10,277.00	-	10,277.00
12/01/2037	10,277.00	-	10,277.00
3/01/2038	10,277.00	-	10,277.00
6/01/2038	10,277.00	-	10,277.00
9/01/2038	10,277.00	-	10,277.00
12/01/2038	10,277.00	-	10,277.00
3/01/2039	10,277.00	-	10,277.00
6/01/2039	10,277.00	-	10,277.00
9/01/2039	10,277.00	-	10,277.00
12/01/2039	10,277.00	-	10,277.00
3/01/2040	10,277.00	-	10,277.00
6/01/2040	10,277.00	-	10,277.00
<b>Total</b>	<b>1,572,459.00</b>	<b>-</b>	<b>1,572,459.00</b>

**YIELD STATISTICS**

Bond Year Dollars.....	\$32,929.18
Average Life.....	20.941 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.84E-10
Bond Yield for Arbitrage Purposes.....	1.84E-10
All Inclusive Cost (AIC).....	1.84E-10

**IRS FORM 8038**

Net Interest Cost.....	-
Weighted Average Maturity.....	20.941 Years



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: February 28, 2000

**FINAL**

3-19-00

CASE NO. 99-0347-PSD-CN

FRANKFORT PUBLIC SERVICE DISTRICT,  
a public utility.

Application for a certificate of convenience and necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County.

RECOMMENDED DECISION

On September 10, 1999, Frankfort Public Service District (District or Applicant), a public utility, filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County, consisting of the construction of approximately 3,000 feet of ten-inch gravity sewer line, 33,800 feet of eight-inch force main, three pump stations, manholes and other facilities necessary to complete the collection system and to provide for the pumping of sewage to Cumberland, Maryland, for treatment. The District estimates construction of the project to be approximately \$4,997,497. The project is to be financed by a West Virginia State Revolving Loan Fund loan in the amount of \$500,000 at an interest rate not to exceed 1% for a term not to exceed thirty years; a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$3,034,017 at an interest rate not to exceed 0%; a Hardship Grant from the West Virginia State Revolving Loan Fund in the amount of \$963,480; and a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$500,000. The District also proposed rates and charges.

By Order entered September 28, 1999, the District was directed to give notice of the filing of the application, pursuant to West Virginia Code §24-2-11, by publishing a copy of the September 28, 1999 Notice of Filing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mineral County, making due return to the Commission of proper certification of publication immediately after publication. The Notice provided that anyone desiring to make objection to the project must do so, in writing, within thirty days after publication of the Notice. The Notice further provided that, if no protests are received within the thirty-day protest period, the Commission may waive formal hearing and grant the application based upon the evidence submitted with the application and the Commission's review.

On October 1, 1999, the Commission issued a Corrective Order indicating that Technical Staff had noticed that the Notice of Filing had omitted one of the proposed rates and charges. The District was directed to give notice of the filing by publishing a copy of the Revised Notice of Filing attached to the October 1, 1999 Order.

By Order entered October 4, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before April 7, 2000.

On October 6, 1999, the Commission issued an additional Corrective Order indicating that Technical Staff believes that the Corrective Notice of Filing needed to be clarified, as far as the rates and charges were concerned. The District was directed to give notice of the filing of the application by publishing a copy of the Further Revised Notice of Filing, once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Mineral County. Attached to the Corrective Order was a Further Revised Notice of Filing.

On October 18, 1999, the District filed a copy of a Revised Notice of Filing, indicating that a notice was published in the News-Tribune, a newspaper of general circulation in Mineral County, on October 8, 1999.

On October 18, 1999, Commission Staff filed an Initial Joint Staff Memorandum noting that the District should work with Commission Staff to develop a leak adjustment rate.

On November 29, 1999, Staff filed a Further Joint Staff Memorandum noting that the affidavit of publication filed by the District is a hybrid of the Notices of Filing attached to the Commission's October 1 and October 6 Orders. Staff believes the rate structure is consistent with the October 6, 1999 Order and should be accepted as fulfilling the notice requirements of West Virginia Code §24-2-11. Staff noted that the 30-day protest period expired without the filing of protests. The original financing of the project has been changed, but the terms of the revised financing package had not been provided to Staff. Staff recommended that the District promptly file the revised financial package for the project.

On December 16, 1999, the District filed its revised funding package; its revised financial analysis; and a letter of commitment for a \$705,00 Small Cities Block grant.

On January 18, 2000, a copy of the District's WV/NPDES Water Pollution Control Permit No. WV0104655 dated January 11, 2000, was filed.

On February 1, 2000, Staff filed a Final Joint Staff Memorandum recommending approval of the certificate. On February 3, 2000, Staff filed a Further Final Joint Staff Memorandum requesting that the February 1, 2000 draft of the Final Joint Staff Memorandum, which was erroneously filed with the Commission, be replaced by the Further Final Joint Staff Memorandum.

The application is a request for a certificate of convenience and necessity to construct a new wastewater collection system to serve

approximately 465 customers in the Wiley Ford area of Mineral County. The project consists of two contracts, the first of which is designed to install approximately 3,000 linear feet of ten-inch, 33,800 linear feet of eight-inch and 16,900 linear feet of six-inch of sewer gravity line; 1,300 feet of 8-inch and 6,100 linear feet of 6-inch sewer force main; 280 4-foot diameter sewer manholes; 420 service line cleanouts; 6,800 linear feet of 6-inch service laterals; and all necessary appurtenances. Contract No. 2 is designed to install three sewage pump stations, including two 8-foot diameter precast wet wells and one 10-foot diameter precast wet well. Two of the sewage pumping stations will have duplex submersible 25 horsepower pumps, while the third will have a duplex submersible 7.5 horsepower pump with controls. Two pump stations will have 10-foot by 10-foot prefabricated barn-type buildings with the third having a 12-foot by 20-foot precast concrete building. Staff indicated that all stations will have odor control, site work, aggregate paving and fencing. The District revised its funding package with a Small Cities Block grant in the amount of \$705,000.

Construction cost, including contingencies, is approximately \$4,433,092. The total cost of the project is approximately \$10,747 per customer. Staff believes the cost to be reasonable for the proposed project. Staff noted that various alternatives were reviewed for the project and that the one identified as Alternative 5 was chosen as the most cost-effective and feasible alternative for the treatment from the sewage from the Wiley Ford area. An unexecuted agreement with the City of Cumberland, Maryland, was submitted as part of the filing. The District will be required to pay a portion of Cumberland's operating and capital cost relative to the District's percentage of actual sewage flows through the treatment plant. Staff noted that the project facility plan was approved by the West Virginia Department of Environmental Protection and the West Virginia Infrastructure and Jobs Development Council prior to the design of the project. The original plans and specifications for the project were approved by the West Virginia Division of Environmental Protection on November 2, 1999. The DEP has also issued NPDES Permit No. 0104655 to construct the project. Staff's review of the plans and specifications do not reveal any conflict with Public Service Commission rules and regulations concerning engineering requirements. Technical Staff has reviewed the facility plan and is satisfied that the alternative chosen meets with the Commission's definition for a certificate of convenience and necessity.

Staff believes that the need for the project has been adequately documented by the engineer. The Wiley Ford area has no central sewerage collection system and no treatment. Sewerage is being directly discharged into the North Branch of the Potomac River. The Mineral County Health Department has received several complaints regarding raw sewage problems in the Wiley Ford area. Raw sewage discharge into the Potomac River has caused both West Virginia and Maryland authorities to require the District to construct a wastewater system to eliminate any direct discharge into the Potomac River. Staff believes that newly designed wastewater system will meet state and federal regulations, eliminate health threats and improve the living conditions of the residents.

Funding for the project includes a West Virginia State Revolving Fund Hardship grant in the amount of \$963,480; a West Virginia Infra-

structure and Jobs Development Council grant in the amount of \$500,000; a Small Cities Block grant in the amount of \$705,000; a West Virginia State Revolving Fund loan in the amount of \$500,000, at a 0% interest rate, but with a .5% administrative fee, for a period not to exceed thirty years; and a West Virginia Infrastructure and Jobs Development Council loan in an amount not to exceed \$2,329,017, at a 0% interest rate for a period not to exceed 40 years. The commitment letter from the West Virginia Infrastructure and Jobs Development Council is for \$3,997,497, but current project estimates indicate that a loan for only \$2,329,017 is required.

Staff noted that, due to the revised funding, the District has proposed revised rates which are lower than those originally proposed and will produce an average bill in the amount of \$34.50, based on water usage of 4,500 gallons per month and a minimum bill in the amount of \$24.00, based on water usage of 3,000 gallons per month. The District also proposed a tariff rate for non-metered water customers in the amount of \$34.50.

The District attached a proposed treatment contract with the City of Cumberland, Maryland, to the application. The proposed contract is identical to the contracts presented in Case No. 91-290-S-CN, Town of Carpendale, and approved in Case No. 88-020-S-CN, Town of Ridgeley. Commission Staff recommended approval of the certificate; approval of the financing of \$4,997,497; and approval of the District's amended proposed rates. Staff requested that any change in the plans, scope or terms of financing of the project, after the project is approved, be reviewed by the Commission. Staff believes that the proposed agreement with the City of Cumberland, Maryland, for the treatment of the District's sewage should be approved, without approving the terms contained therein. Legal Staff noted that agreement contains objectionable terms which obligate the District to pay a 10% rate of return to Cumberland, Maryland, in addition to paying its prorata share of operational expenses. However, Staff noted that treatment by Cumberland, Maryland, is the least expensive option of those examined and that the treatment rate Cumberland charges, compared to West Virginia utilities, is a relatively low bulk treatment rate.

#### DISCUSSION

The Administrative Law Judge has reviewed the publication affidavit of the Revised Notice of Filing and notes that the correction of concern to Staff in the Corrective Order of October 6, 1999, was made in the Revised Notice of Filing and that the publication of the Notice entitled "Further Revised Notice of Filing" is not necessary.

#### FINDINGS OF FACT

1. On September 10, 1999, Frankfort Public Service District, a public utility, filed an application for a certificate of convenience and necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County, consisting of the construction of approximately 3,000

feet of ten-inch gravity sewer line, 33,800 feet of eight-inch force main, three pump stations, manholes and other facilities necessary to complete the collection system and to provide for the pumping of sewage to Cumberland, Maryland, for treatment. (See, Application; Further Final Joint Staff Memorandum filed February 3, 2000).

2. The estimated cost of the project is approximately \$4,997,497. (See, Application; Further Final Joint Staff Memorandum filed February 3, 2000).

3. Financing for the project includes a West Virginia State Revolving Fund Hardship grant in the amount of \$963,480; a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$500,000; a Small Cities Block grant in the amount of \$705,000; a West Virginia State Revolving Fund loan in the amount of \$500,000 at a 0% interest rate, with a .5% administrative fee, for a period not to exceed thirty years; and a West Virginia Infrastructure and Jobs Development Council loan in an amount not to exceed \$2,329,017, at a 0% interest rate for a period not to exceed forty years. (See, Application; Applicant's filing of December 16, 1999; Further Final Joint Staff Memorandum filed February 3, 2000).

4. Notice of the application was published in the News-Tribune, a newspaper of general circulation in Mineral County on October 8, 1999. No protests were received to the filing of the application of a certificate of convenience and necessity. (See, Affidavit of Publication received October 18, 1999; Final Joint Staff Memorandum received November 29, 1999).

5. Staff believes that District's proposed rates and charges, as amended, are sufficient for the project and should be approved for use upon completion of the project. (See, Application; Amended Filing; Further Final Joint Staff Memorandum received February 3, 2000).

6. The project is necessary to provide sewage treatment to the Wiley Ford area; to prevent raw sewage discharge into the Potomac River; and to meet newly designed state and federal regulations. Further, it is designed to improve the living conditions of the residents as evidenced by NPDES Permit No. 0104655. (See, Application; Further Final Joint Staff Memorandum received February 3, 2000).

#### CONCLUSION OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to construct a new wastewater collection system to serve approximately 465 customers in the Wiley Ford of Mineral County.

2. It is reasonable to approve the financing of the project, being a West Virginia State Revolving Fund Hardship grant in the amount of \$963,480; a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$500,000; a Small Cities Block grant in the amount of \$705,000; a West Virginia State Revolving Fund loan in the amount of \$500,000 at a 0% interest rate, with a .5% administrative fee, for a

period not to exceed thirty years; and a West Virginia Infrastructure and Jobs Development Council loan in an amount not to exceed \$2,329,017, at a 0% interest rate for a period not to exceed forty years.

3. The proposed project is adequately financed and economically feasible when supported by the Applicant's amended proposed rates and charges.

4. It is reasonable to approve the District's amended proposed rates and charges.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed by Frankfort Public Service District on September 10, 1999, for a certificate of convenience and necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County, consisting of the construction of approximately 3,000 feet of ten-inch gravity sewer line, 33,800 feet of eight-inch force main, three pump stations, manholes and other facilities necessary to complete the collection system and to provide for the pumping of sewage to Cumberland, Maryland, for treatment, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the financing of the project, which includes a West Virginia State Revolving Fund Hardship grant in the amount of \$963,480; a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$500,000; a Small Cities Block grant in the amount of \$705,000; a West Virginia State Revolving Fund loan in the amount of \$500,000 at a 0% interest rate, with a .5% administrative fee, for a period not to exceed thirty years; and a West Virginia Infrastructure and Jobs Development Council loan in an amount not to exceed \$2,329,017, at a 0% interest rate for a period not to exceed forty years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the following rates and charges be, and hereby are, approved, for use by the Frankfort Public Service District, to become effective for all services rendered on or after the date this project is certified to be complete:

#### APPLICABILITY

Applicable in the entire area served.

#### AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial use.

#### RATES

First 3,000 gallons of water used per month \$8.00 per 1,000 gallons  
All Over 3,000 gallons of water used per month \$7.00 per 1,000 gallons

#### MINIMUM CHARGE

No bill shall be rendered for less than \$24.00, based upon water usage of 3,000 gallons per month.

UNMETERED CUSTOMER CHARGE

Whenever a sewer customer has an unmetered water source, there will be a monthly charge for sewer service in the amount of \$34.50, based upon water usage of 4,500 gallons per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

Pre-construction Tap Fee ----- \$100.00  
Post-construction Tap Fee ----- \$300.00

SECURITY DEPOSIT

A security deposit of \$50.00 will be charged for all new customers.

INCREMENTAL LEAK ADJUSTMENT

\$1.38 per M. gal. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above customer's historical average usage.

IT IS FURTHER ORDERED that the agreement between the Frankfort Public Service District and the City of Cumberland, be, and hereby is, approved, without specifically approving the terms and conditions contained therein.

IT IS FURTHER ORDERED that the District notify the Commission within thirty (30) days of the completion of this project.

IT IS FURTHER ORDERED that the District file an original and at least five (5) copies of a revised tariff with the Commission within thirty (30) days of the date of certification of completion of this project.

IT IS FURTHER ORDERED that, if there is any change in the cost, scope, terms and conditions or financing of this project, the Applicant shall notify Commission immediately and obtain Commission approval of said change(s) prior to commencement of construction.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following

the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

*Susan A. Murensky*  
Susan A. Murensky  
Administrative Law Judge

SAM:dfs  
990347A.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 19<sup>th</sup> day of June, 2000.

CASE NO. 99-0347-PSD-CN (Reopened)

FRANKFORT PUBLIC SERVICE DISTRICT,  
a public utility.

Application for a certificate of convenience and necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County.

**COMMISSION ORDER**

**PROCEDURE**

By a February 28, 2000, Recommended Decision, which became a final order of the Commission on March 19, 2000, the Frankfort Public Service District (District) was granted a certificate of convenience and necessity for a project (Project) to extend sewer service to approximately 465 customers in the Wiley-Ford area of Mineral County. The Commission's order also approved financing and rates necessary to support the Project.

On May 12, 2000, the District filed a petition (Petition) to reopen this matter for the purpose of approving revised financing for the Project. Bids for the Project, originally estimated to cost \$4,997,497, came in at approximately \$1.2 million less than expected. The District seeks approval of revised financing and rates for the Project.

On May 30, 2000, the District filed a letter with the Commission stating that it faced a loan closing date of June 8, 2000, and needed to obtain approval of the revised rates and financing for the Project prior to that date. Following receipt of that letter, Staff conferred with the District and informed the District that it would not be possible for Staff to complete its review and for the Commission to issue an order prior to June 8, 2000. The District then rescheduled the loan closing for the Project for June 22, 2000.

On June 15, 2000, Staff filed its Initial and Final Joint Staff Memorandum noting that nearly \$1.1 million of the \$1.2 million in savings for the Project is attributable to lower than expected bids on construction for the Project. Staff relates that the costs for the site and easements are lower than the original estimates but that the engineering costs have increased. The \$69,475 rise in the engineering costs is attributable to the District's omission of a request for payment of engineering services arising from a previously approved engineering agreement between the District and Vanscoy Engineering and Surveying. According to Staff, the original financing of the Project will change by a \$400,000 decrease in the amount of a grant from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) and a \$756,053 decrease in a WVIJDC loan.

Further, Staff indicated that the decrease in the WVIJDC loan will result in a decrease in the previously approved rates. Based on the financial information submitted, Staff has designed rates to provide for a minimum monthly bill of \$22.05 which is based on water usage of 3,000 gallons per month. Staff also calculated the average bill to be \$32.00 per month which is the same as the rate that will be charged for unmetered water customers. Staff projected that such customers will generate an annual revenue of approximately \$171,199 which is sufficient to satisfy projected cash requirements. The District revised its pre-construction tap fee to be \$50.00.

Staff recommended that the District's application for a certificate of convenience and necessity be reopened, as requested by the District, to approve the revised project budget and revised funding package. The package now includes a WVIJDC grant, in the amount not to exceed \$100,000 which is a \$400,000 reduction of the previously approved amount, and a WVIJDC loan not to exceed \$1,572,984 which is a \$756,053 reduction of the previously approved amount. The WVIJDC loan is to be at an interest rate not to exceed 0% and for a period not to exceed 38 years. All other previously approved funding is to remain the same. The Staff recommended rates are attached to this order.

### DISCUSSION

Based on the foregoing, the Commission shall follow Staff's recommendations, and reopen this certificate case, approve the revised budget and financing, and approve Staff's recommended rates as attached to this order.

### FINDINGS OF FACT

1. By a February 28, 2000, Recommended Decision, which became a final order of the Commission on March 19, 2000, the Frankfort Public Service District (District) was

granted a certificate of convenience and necessity for a project (Project) to extend sewer service to approximately 465 customers in the Wiley-Ford area of Mineral County. The Commission's order also approved financing and rates necessary to support the Project.

2. On May 12, 2000, the District filed a petition (Petition) to reopen this matter for the purpose of approving revised financing for the Project. Bids for the Project, originally estimated to cost \$4,997,497, came in at approximately \$1.2 million less than expected. The District seeks approval of revised financing and rates for the Project.

3. On May 30, 2000, the District filed a letter with the Commission stating that it faced a loan closing date of June 8, 2000, and needed to obtain approval of the revised rates and financing for the Project prior to that date. Following receipt of that letter, Staff conferred with the District and informed the District that it would not be possible for Staff to complete its review and for the Commission to issue an order prior to June 8, 2000. The District then rescheduled the loan closing for the Project for June 22, 2000.

4. On June 15, 2000, Staff filed its Initial and Final Joint Staff Memorandum noting that nearly \$1.1 million of the \$1.2 million in savings for the Project is attributable to lower than expected bids on construction for the Project.

5. The costs for the site and easements are lower than the original estimates but engineering costs have increased by \$69,475.

6. The rise in engineering costs is attributable to the District's omission of a request for payment of engineering services arising from a previously approved engineering agreement between the District and Vanscoy Engineering and Surveying.

7. According to Staff, the original financing of the Project will change by a \$400,000 decrease in the amount of a grant from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) and a \$756,053 decrease in a WVIJDC loan.

8. Staff indicated that the decrease in the WVIJDC loan will result in a decrease in the previously approved rates.

9. Staff designed rates to provide for a minimum monthly bill of \$22.05 which is based on water usage of 3,000 gallons per month. Staff further calculated the average bill to be \$32.00 per month which is the same as the rate that will be charged unmetered water customers.

10. Staff projected such customers will generate an annual revenue of approximately \$171,199 which is sufficient to satisfy the projected cash requirements.

11. Staff recommended that the District's application for a certificate of convenience and necessity be reopened, as requested by the District, to approve the revised project budget and revised funding package.

12. The revised package includes a WVIJDC grant, in the amount not to exceed \$100,000 and a WVIJDC loan not to exceed \$1,572,984. The WVIJDC loan is to be at an interest rate not to exceed 0% and for a period not to exceed 38 years.

13. All other previously approved funding is to remain the same.

### CONCLUSIONS OF LAW

1. It is fair and reasonable to reopen Case No. 99-0347-PSD-CN for the purpose of approving the revised budget and financing for the Frankfort Public Service District project to extend sewer service to customers in the Wiley-Ford area of Mineral County.

2. It is fair and reasonable to approve the revised project budget as follows:

<u>Project Item</u>	<u>Revised Budget Amount</u>
Construction Cost	\$2,956,559
Legal	40,000
Site and Easement	30,000
Administration	30,000
Bond Counsel	30,000
Engineering	463,880
Project Contingency	148,000
Miscellaneous	<u>142,500</u>
Total	\$3,840,939

3. It is fair and reasonable to approve the revised funding which includes a WVIJDC grant, in the amount not to exceed \$100,000 and a WVIJDC loan not to exceed \$1,572,984, with an interest rate not to exceed 0% and for a period not to exceed 38 years. All other previously approved funding is to remain the same.

4. It is fair and reasonable to approve the Staff recommended rates attached to this order.

**ORDER**

IT IS THEREFORE ORDERED that Frankfort Public Service District's petition to reopen Case No. 99-0347-PSC-CN is hereby granted.

IT IS FURTHER ORDERED that the revised project budget is hereby approved as follows:

<u>Project Item</u>	<u>Revised Budget Amount</u>
Construction Cost	\$2,956,559
Legal	40,000
Site and Easement	30,000
Administration	30,000
Bond Counsel	30,000
Engineering	463,880
Project Contingency	148,000
Miscellaneous	<u>142,500</u>
Total	\$3,840,939

IT IS FURTHER ORDERED that the revised funding which includes a WVIJDC grant in an amount not to exceed \$100,000 and a WVIJDC loan in an amount not to exceed \$1,572,984, with an interest rate not to exceed 0% and for a period not to exceed 38 years, is hereby approved. All other previously approved funding is to remain the same.

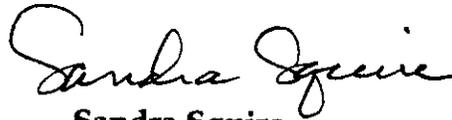
IT IS FURTHER ORDERED that the Staff approved Tariff, reflected in Exhibit A and attached to this order are hereby approved.

IT IS FURTHER ORDERED this petition is hereby resolved and shall be removed from the Commission's docket of active cases .

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

BFE:seg  
990347cb.wpd

**A True Copy, Teste:**

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

FRANKFORT PUBLIC SERVICE DISTRICT  
CASE NO. 99-0347-PSD (Reopened)

APPROVED TARIFF

APPLICABILITY

Applicable in the entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial use.

RATES

First 3,000 gallons of water used per month, \$8.00 per 1,000 gallons  
All over 3,000 gallons of water used per month, \$7.00 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than \$24.00, based upon water usage of 3,000 gallons per month.

UNMETERED CUSTOMER CHARGE

Whenever a sewer customer has an unmetered water source, a monthly there will be a monthly charge for sewer service in the amount of \$34.50, based upon water usage of 4,500 gallons per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

Pre-construction Tap Fee	\$100.00
Post- construction Tap Fee	\$300.00

SECURITY DEPOSIT

A security deposit of \$50.00 will be charged for all new customers.

LEAK ADJUSTMENT INCREMENT

\$1.38 per M gallons to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above customer's historical average.

FRANKFORT PUBLIC SERVICE DISTRICT  
CASE NO. 99-0347-PSD (Reopened)

STAFF RECOMMENDED TARIFF

APPLICABILITY

Applicable in the entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial use.

(R) RATES

First 3,000 gallons of water used per month, \$7.02 per 1,000 gallons  
All over 3,000 gallons of water used per month, \$6.14 per 1,000 gallons

(R) MINIMUM CHARGE

No bill shall be rendered for less than \$21.06, based upon water usage of 3,000 gallons per month.

(R) UNMETERED CUSTOMER CHARGE

Whenever a sewer customer has an unmetered water source, a monthly there will be a monthly charge for sewer service in the amount of \$30.66, based upon water usage of 4,500 gallons per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

(R) Pre-construction Tap Fee	\$ 50.00
Post- construction Tap Fee	\$300.00

SECURITY DEPOSIT

A security deposit of \$50.00 will be charged for all new customers.

LEAK ADJUSTMENT INCREMENT

\$1.38 per M gallons to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above customer's historical average.

(R) Indicates reduction in rate

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 21st day of June, 2000.

**CASE NO. 99-0347-PSD-CN (Reopened)**

**FRANKFORT PUBLIC SERVICE DISTRICT,  
a public utility.**

**Application for a certificate of convenience and necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County.**

**COMMISSION ORDER CORRECTING ATTACHMENT**

**POSTURE**

On June 19, 2000, the Commission entered an order approving the reopening of Case No. 99-0347-PSC-CN, granting approval of a revised project budget and approving revised funding which included a WVIJDC grant and WVIJDC loan.

Attached to the Order, as Exhibit A, were Staff approved tariffs. The attachment did not reflect the correct tariffs. Therefore the Commission shall attach the correct tariffs to this order, reflected as Exhibit 1.

**ORDER**

**IT IS THEREFORE ORDERED that the Staff approved Tariff, reflected in Exhibit 1 and attached to this order is hereby approved.**

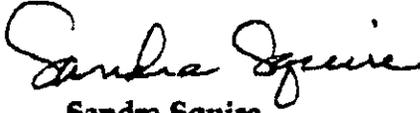
**IT IS FURTHER ORDERED that except as modified herein the order entered on June 19, 2000 shall remain in full force and affect.**



IT IS FURTHER ORDERED this petition is hereby resolved and shall be removed from the Commission's docket of active cases .

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

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

BFE/lfg  
990347cc.sca



FRANKFORT PUBLIC SERVICE DISTRICT  
CASE NO. 99-0347-PSD (Reopened)

STAFF RECOMMENDED TARIFF

APPLICABILITY

Applicable in the entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial use.

RATES

First 3,000 gallons of water used per month, \$7.35 per 1,000 gallons  
All over 3,000 gallons of water used per month, \$6.65 per 1,000 gallons

(R) MINIMUM CHARGE

No bill shall be rendered for less than \$22.05, based upon water usage of 3,000 gallons per month.

(R) UNMETERED CUSTOMER CHARGE

Whenever a sewer customer has an unmetered water source, a monthly there will be a monthly charge for sewer service in the amount of \$32.00, based upon water usage of 4,500 gallons per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE

(R) Pre-construction Tap Fee	\$ 50.00
Post-construction Tap Fee	\$300.00

SECURITY DEPOSIT

A security deposit of \$50.00 will be charged for all new customers.

LEAK ADJUSTMENT INCREMENT

\$1.38 per M gallons to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above customer's historical average.

(R) Indicates reduction in rate







# West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman  
St. Albans  
James L. Harrison, Sr., Vice Chairman  
Princeton  
Lloyd P. Adams, P.E.  
Wheeling  
Sheirl L. Fletcher  
Morgantown

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

Susan J. Riggs, Esquire  
Executive Secretary

February 5, 1999

A. Blane Murray  
Chairman  
Frankfort Public Service District  
P. O. Box 80  
Wiley Ford, WV 26767

Re: Binding Commitment Letter  
Wastewater Collection System Project 95S-169

Dear Mr. Murray:

The West Virginia Infrastructure and Jobs Development Council (the "Council") provides this binding offer of an Infrastructure Fund loan of approximately \$3,997,497, and an Infrastructure Fund grant of \$500,000 (collectively referred to as the "Funding Assistance") for the Frankfort Public Service District's (the "District") proposed wastewater collection system to serve the Wiley Ford area, and connection to the City of Cumberland's treatment system (the "Project"). The source of funds for the Funding Assistance will be a portion of the proceeds from an anticipated Infrastructure General Obligation Bond issue and this Funding Assistance commitment is contingent upon the availability of those proceeds in the Infrastructure Fund. The Funding Assistance will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Funding Assistance amount will be established after the District has received acceptable bids for the Project. The Council will set aside a portion of the next bond proceeds to be deposited in the Infrastructure Fund to make this Funding Assistance upon the District's compliance with the program requirements. The Funding Assistance agreements will be between the District and the West Virginia Water Development Authority (the "Authority"), who is the administrator of the Infrastructure Fund, acting on behalf of the Council.

This Funding Assistance commitment is also contingent upon the District meeting the following schedule:

- a. Submit to the Public Service Commission a complete certificate of convenience and necessity prefiling application no later than February 26, 1999.
- b. Submit plans and specifications to Construction Assistance, Office of Water Resources no later than March 31, 1999.
- c. Submit to the Public Service Commission all documentation necessary to convert the prefiling application to a formal certificate of convenience and necessity proceeding no later than April 15, 1999.
- d. Advertise for construction bids no later than August 17, 1999.
- e. Close the Funding Assistance no later than December 16, 1999.

The Council reserves the right to withdraw this Funding Assistance commitment if any of the above schedule dates are not met. The Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Council.

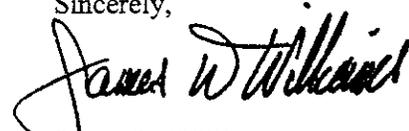
If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Council if any of the other dates on the attached schedule have not or will not be met.

The Authority will enter into Funding Assistance agreements with the District following receipt of a final, nonappealable order from the Public Service Commission authorizing construction of the Project, approving rates, and approving the Project funding; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council and any other documents requested by the Council. Following execution of the Funding Assistance agreements, the Council will establish a closing date.

No statements or representations made before or after the issuance of this contingent Funding Assistance commitment by any person, member of the Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Funding Assistance commitment, as all such amendments or alterations shall only be made in writing after approval of the Council.

If the District has any questions regarding this Funding Assistance commitment, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,



James D. Williams

A. Blane Murray, Chairman  
February 5, 1999  
Page 3

cc: David Vanscoy, P.E.  
Michael Bland  
William R. Kuykendall, Esquire  
~~Vincent A. Collins, Esquire~~

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Council at the above address, and one to the Authority at 180 Association Drive, Charleston, WV 25311-1571.

Frankfort Public Service District

By: \_\_\_\_\_  
Chairman

Date: \_\_\_\_\_

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Frankfort Public Service District  
Wastewater Collection System Project  
95S-169  
February 2, 1999

SCHEDULE A

A. Approximate Amount:       \$3,997,497 -       Loan  
                                      \$ 500,000 -       Grant

B. Loan:

1. Maturity Date:                   40 years from date of loan closing
2. Interest Rate:                   0%
3. Loan Advancement Date(s):    Monthly, upon receipt of proper requisition, and after complete advancement of all other funding except for the Infrastructure Fund grant.
4. Debt Service Commencement Date: The first quarter following completion of construction, which date must be identified prior to closing.
5. Special Conditions:           None.

C. Grant:

1. Grant Advancement Date(s):   Monthly, upon receipt of proper requisition, and after complete advancement of all other funding.
2. Special Conditions (if any):   None.

NOTICE:       The terms set forth above are subject to change following the Governmental Agency's receipt of construction bids.

D. Other Funding Sources:

1. State Revolving Fund Loan

Amount:                   \$500,000  
Interest Rate:            1%  
Maturity Date:            20 years

E. Proposed User Rates:

Average:       \$32.10/4500 gallons

**FRANKFORT PUBLIC SERVICE DISTRICT**  
**Wastewater Collection System Project**

95S-169

<i>ACTION</i>	<i>RESPONSIBLE PARTY</i>	<i>START DATE</i>	<i>COMPLETION DATE</i>
1 Prepare and Submit P&S to OWR	Vanscoy Engineering		March 31, 1999
2 Prepare and Submit Permit Applications	Vanscoy Engineering		March 31, 1999
3 Prepare Rule 42	Accountant		February 15, 1999
4 a File Prefiling Application with PSC	Attorney		February 26, 1999
4 b File Certificate Application with PSC	Attorney		April 15, 1999
5 P&S Review and Approval Process	OWR	March 31, 1999	May 14, 1999
6 Rights-of-Way, Easements, and Land Acquisitio	Attorney		August 17, 1999
7 Authority to Advertise	OWR/IJDC		August 17, 1999
8 Advertise for Bids	Vanscoy Engineering		August 17, 1999
9 Review and Approve PSC Certificate	PSC	April 15, 1999	October 29, 1999
10 Bid Opening	Vanscoy Engineering		September 21, 1999
11 Loan Closing	Bond Counsel		December 16, 1999
12 Construction Period	Contractor	January 1, 2000	June 1, 2001

# West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman  
St. Albans

William J. Harman, PE, Vice Chairman  
Grafton

Dwight Calhoun  
Petersburg

Tim Rutledge  
Gilbert

980 One Valley Square  
Charleston, West Virginia 25301

Telephone: (304) 558-4607

Facsimile: (304) 558-4609

Katy Mallory, PE  
Executive Secretary

KMallory@citynet.net

May 5, 2000

A. Blane Murray, Chairman  
Frankfort Public Service District  
P.O. Box 80  
Willey Ford, West Virginia, 26767

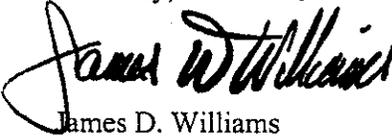
Re: Binding Commitment Letter  
Revised After Bid Underrun  
Wastewater System Project 95S-169

Dear Mr. Murray:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Frankfort Public Service District's (the "District") request for revision to the Council's Binding Commitment letter of February 5, 1999 to the District for financing its wastewater project. At its May 3, 2000 meeting, the Council voted to revise the binding commitment by reducing the Infrastructure loan and grant as shown on the attached revised Schedule A. All other conditions of that February 5, 1999 binding commitment remain in effect.

If the District has any questions regarding this commitment, please contact Katy Mallory at (304) 558-4607.

Sincerely,



James D. Williams

JDW/km  
Attachments

cc: Mike Johnson, PE, DEP  
Michael Bland, Mineral County Commission  
John Stump, Esquire, Steptoe & Johnson

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return two copies to this office.

Frankfort Public Service District

By: A. Blane Murray

Its: Chairman

Date: May 12, 2000





FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 22nd day of June, 2000, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Frankfort Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$500,000, numbered AR-1 (the "Series 2000 A Bonds"), and the Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$1,572,459, numbered BR-1 (the "Series 2000 B Bonds"), both issued as a single, fully registered Bond, and both dated June 22, 2000.

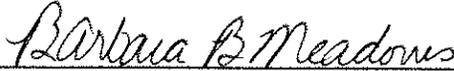
2. At the time of such receipt, all the Series 2000 A Bonds and the Series 2000 B Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 A Bonds, of \$84,252, being a portion of the principal amount of the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 B Bonds, of \$210,941, being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
\_\_\_\_\_  
Authorized Representative

FRANKFORT PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

06/06/00  
306370/98001





FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

On this 22nd day of June, 2000, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Frankfort Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the principal amount of \$500,000 (the "Series 2000 A Bonds"), and Bond No. BR-1, constituting the entire original issue of Frankfort Public Service District Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the principal amount of \$1,572,459 (the "Series 2000 B Bonds"), both dated June 22, 2000 (collectively, the "Bonds"), executed by the Chairman and Secretary of Frankfort Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on June 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a bond purchase agreement for the Series 2000 A Bonds, dated May 12, 2000, by and among the Issuer, the West Virginia Water Development Authority (the

"Authority") and the West Virginia Division of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), and a loan agreement for the Series 2000 B Bonds, dated May 25, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") ( the "Loan Agreement") (collectively, the Bond Purchase Agreement and the Loan Agreement are referred to as the "Loan Agreements"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Series 2000 A Bonds to the Authority upon payment to the Issuer of the sum of \$84,252, representing a portion of the principal amount of the Series 2000 A Bonds. You are also hereby requested and authorized to deliver the Series 2000 B Bonds to the Authority upon payment to the Issuer of the sum of \$210,941, representing a portion of the principal amount of the Series 2000 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

FRANKFORT PUBLIC SERVICE DISTRICT

  
Chairman

06/06/00  
306370/98001



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRANKFORT PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2000 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$500,000

KNOW ALL MEN BY THESE PRESENTS: That FRANKFORT PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral 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 FIVE HUNDRED THOUSAND DOLLARS (\$500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated May 12, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 2000, and a

Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 22, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,572,459 (THE "SERIES 2000 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, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 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 One 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 Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

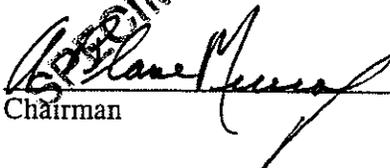
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation,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

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

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

IN WITNESS WHEREOF, FRANKFORT PUBLIC SERVICE DISTRICT  
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Bond to be dated June 22, 2000.

[SEAL]

  
Chairman

ATTEST

  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 22, 2000.

ONE VALLEY BANK NATIONAL  
ASSOCIATION, Registrar

*Charlene Morgan*  
\_\_\_\_\_  
Authorized Officer



**EXHIBIT B**

**Frankfort Public Service District (West Virginia)**

*Loan of \$500,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	4,167.00	-	4,167.00
9/01/2002	4,167.00	-	4,167.00
12/01/2002	4,167.00	-	4,167.00
3/01/2003	4,167.00	-	4,167.00
6/01/2003	4,167.00	-	4,167.00
9/01/2003	4,167.00	-	4,167.00
12/01/2003	4,167.00	-	4,167.00
3/01/2004	4,167.00	-	4,167.00
6/01/2004	4,167.00	-	4,167.00
9/01/2004	4,167.00	-	4,167.00
12/01/2004	4,167.00	-	4,167.00
3/01/2005	4,167.00	-	4,167.00
6/01/2005	4,167.00	-	4,167.00
9/01/2005	4,167.00	-	4,167.00
12/01/2005	4,167.00	-	4,167.00
3/01/2006	4,167.00	-	4,167.00
6/01/2006	4,167.00	-	4,167.00
9/01/2006	4,167.00	-	4,167.00
12/01/2006	4,167.00	-	4,167.00
3/01/2007	4,167.00	-	4,167.00
6/01/2007	4,167.00	-	4,167.00
9/01/2007	4,167.00	-	4,167.00
12/01/2007	4,167.00	-	4,167.00
3/01/2008	4,167.00	-	4,167.00
6/01/2008	4,167.00	-	4,167.00
9/01/2008	4,167.00	-	4,167.00
12/01/2008	4,167.00	-	4,167.00
3/01/2009	4,167.00	-	4,167.00
6/01/2009	4,167.00	-	4,167.00
9/01/2009	4,167.00	-	4,167.00
12/01/2009	4,167.00	-	4,167.00
3/01/2010	4,167.00	-	4,167.00
6/01/2010	4,167.00	-	4,167.00
9/01/2010	4,167.00	-	4,167.00
12/01/2010	4,167.00	-	4,167.00
3/01/2011	4,167.00	-	4,167.00
6/01/2011	4,167.00	-	4,167.00
9/01/2011	4,167.00	-	4,167.00
12/01/2011	4,167.00	-	4,167.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$500,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2012	4,167.00	-	4,167.00
6/01/2012	4,167.00	-	4,167.00
9/01/2012	4,167.00	-	4,167.00
12/01/2012	4,167.00	-	4,167.00
3/01/2013	4,167.00	-	4,167.00
6/01/2013	4,167.00	-	4,167.00
9/01/2013	4,167.00	-	4,167.00
12/01/2013	4,167.00	-	4,167.00
3/01/2014	4,167.00	-	4,167.00
6/01/2014	4,167.00	-	4,167.00
9/01/2014	4,167.00	-	4,167.00
12/01/2014	4,167.00	-	4,167.00
3/01/2015	4,167.00	-	4,167.00
6/01/2015	4,167.00	-	4,167.00
9/01/2015	4,167.00	-	4,167.00
12/01/2015	4,167.00	-	4,167.00
3/01/2016	4,167.00	-	4,167.00
6/01/2016	4,167.00	-	4,167.00
9/01/2016	4,167.00	-	4,167.00
12/01/2016	4,167.00	-	4,167.00
3/01/2017	4,167.00	-	4,167.00
6/01/2017	4,167.00	-	4,167.00
9/01/2017	4,167.00	-	4,167.00
12/01/2017	4,167.00	-	4,167.00
3/01/2018	4,167.00	-	4,167.00
6/01/2018	4,167.00	-	4,167.00
9/01/2018	4,167.00	-	4,167.00
12/01/2018	4,167.00	-	4,167.00
3/01/2019	4,167.00	-	4,167.00
6/01/2019	4,167.00	-	4,167.00
9/01/2019	4,167.00	-	4,167.00
12/01/2019	4,167.00	-	4,167.00
3/01/2020	4,167.00	-	4,167.00
6/01/2020	4,167.00	-	4,167.00
9/01/2020	4,167.00	-	4,167.00
12/01/2020	4,167.00	-	4,167.00
3/01/2021	4,167.00	-	4,167.00
6/01/2021	4,167.00	-	4,167.00
9/01/2021	4,167.00	-	4,167.00
12/01/2021	4,167.00	-	4,167.00
3/01/2022	4,167.00	-	4,167.00
6/01/2022	4,166.00	-	4,166.00
9/01/2022	4,166.00	-	4,166.00
12/01/2022	4,166.00	-	4,166.00
3/01/2023	4,166.00	-	4,166.00
6/01/2023	4,166.00	-	4,166.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$500,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+i
9/01/2023	4,166.00	-	4,166.00
12/01/2023	4,166.00	-	4,166.00
3/01/2024	4,166.00	-	4,166.00
6/01/2024	4,166.00	-	4,166.00
9/01/2024	4,166.00	-	4,166.00
12/01/2024	4,166.00	-	4,166.00
3/01/2025	4,166.00	-	4,166.00
6/01/2025	4,166.00	-	4,166.00
9/01/2025	4,166.00	-	4,166.00
12/01/2025	4,166.00	-	4,166.00
3/01/2026	4,166.00	-	4,166.00
6/01/2026	4,166.00	-	4,166.00
9/01/2026	4,166.00	-	4,166.00
12/01/2026	4,166.00	-	4,166.00
3/01/2027	4,166.00	-	4,166.00
6/01/2027	4,166.00	-	4,166.00
9/01/2027	4,166.00	-	4,166.00
12/01/2027	4,166.00	-	4,166.00
3/01/2028	4,166.00	-	4,166.00
6/01/2028	4,166.00	-	4,166.00
9/01/2028	4,166.00	-	4,166.00
12/01/2028	4,166.00	-	4,166.00
3/01/2029	4,166.00	-	4,166.00
6/01/2029	4,166.00	-	4,166.00
9/01/2029	4,166.00	-	4,166.00
12/01/2029	4,166.00	-	4,166.00
3/01/2030	4,166.00	-	4,166.00
6/01/2030	4,166.00	-	4,166.00
9/01/2030	4,166.00	-	4,166.00
12/01/2030	4,166.00	-	4,166.00
3/01/2031	4,166.00	-	4,166.00
6/01/2031	4,166.00	-	4,166.00
9/01/2031	4,166.00	-	4,166.00
12/01/2031	4,166.00	-	4,166.00
3/01/2032	4,166.00	-	4,166.00
<b>Total</b>	<b>500,000.00</b>	<b>-</b>	<b>500,000.00 *</b>

\*Plus \$315.10 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$37,812.

**Frankfort Public Service District (West Virginia)**

*Loan of \$500,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

**YIELD STATISTICS**

Bond Year Dollars.....	\$8,407.93
Average Life.....	16.816 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.36E-11
Bond Yield for Arbitrage Purposes.....	1.36E-11
All Inclusive Cost (AIC).....	0.4477338%

**IRS FORM 8038**

Net Interest Cost.....	-
Weighted Average Maturity.....	16.816 Years

*Ferris, Baker Watts, Incorporated*  
*Public Finance*

*File = srffrankforipsd.sf-06 08 00 Rev- SINGLE PURPOSE*  
*6/8/2000 11:05 AM*

(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:

\_\_\_\_\_

06/06/00  
306370/98001



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRANKFORT PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 2000 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$1,572,459

KNOW ALL MEN BY THESE PRESENTS: That FRANKFORT PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED SEVENTY TWO THOUSAND FOUR HUNDRED FIFTY NINE DOLLARS (\$1,572,459), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated May 25, 2000.

This Bond is issued (i) to pay in full the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund); (ii) to pay a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 2000,

and a Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds; provided however, that so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 A 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 One 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 Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, FRANKFORT PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 22, 2000.

[SEAL]

*A. Bl...*  
Chairman

ATTEST:

*Roger Bulford*  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 22, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

*Charles Morgan*  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$210,941	06/22/00	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ \_\_\_\_\_

**EXHIBIT B**

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+i
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	10,278.00	-	10,278.00
9/01/2002	10,278.00	-	10,278.00
12/01/2002	10,278.00	-	10,278.00
3/01/2003	10,278.00	-	10,278.00
6/01/2003	10,278.00	-	10,278.00
9/01/2003	10,278.00	-	10,278.00
12/01/2003	10,278.00	-	10,278.00
3/01/2004	10,278.00	-	10,278.00
6/01/2004	10,278.00	-	10,278.00
9/01/2004	10,278.00	-	10,278.00
12/01/2004	10,278.00	-	10,278.00
3/01/2005	10,278.00	-	10,278.00
6/01/2005	10,278.00	-	10,278.00
9/01/2005	10,278.00	-	10,278.00
12/01/2005	10,278.00	-	10,278.00
3/01/2006	10,278.00	-	10,278.00
6/01/2006	10,278.00	-	10,278.00
9/01/2006	10,278.00	-	10,278.00
12/01/2006	10,278.00	-	10,278.00
3/01/2007	10,278.00	-	10,278.00
6/01/2007	10,278.00	-	10,278.00
9/01/2007	10,278.00	-	10,278.00
12/01/2007	10,278.00	-	10,278.00
3/01/2008	10,278.00	-	10,278.00
6/01/2008	10,278.00	-	10,278.00
9/01/2008	10,278.00	-	10,278.00
12/01/2008	10,278.00	-	10,278.00
3/01/2009	10,278.00	-	10,278.00
6/01/2009	10,278.00	-	10,278.00
9/01/2009	10,278.00	-	10,278.00
12/01/2009	10,278.00	-	10,278.00
3/01/2010	10,278.00	-	10,278.00
6/01/2010	10,278.00	-	10,278.00
9/01/2010	10,278.00	-	10,278.00
12/01/2010	10,278.00	-	10,278.00
3/01/2011	10,278.00	-	10,278.00
6/01/2011	10,278.00	-	10,278.00
9/01/2011	10,278.00	-	10,278.00
12/01/2011	10,278.00	-	10,278.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2012	10,278.00	-	10,278.00
6/01/2012	10,278.00	-	10,278.00
9/01/2012	10,278.00	-	10,278.00
12/01/2012	10,278.00	-	10,278.00
3/01/2013	10,278.00	-	10,278.00
6/01/2013	10,278.00	-	10,278.00
9/01/2013	10,278.00	-	10,278.00
12/01/2013	10,278.00	-	10,278.00
3/01/2014	10,278.00	-	10,278.00
6/01/2014	10,278.00	-	10,278.00
9/01/2014	10,278.00	-	10,278.00
12/01/2014	10,278.00	-	10,278.00
3/01/2015	10,278.00	-	10,278.00
6/01/2015	10,278.00	-	10,278.00
9/01/2015	10,278.00	-	10,278.00
12/01/2015	10,278.00	-	10,278.00
3/01/2016	10,278.00	-	10,278.00
6/01/2016	10,278.00	-	10,278.00
9/01/2016	10,278.00	-	10,278.00
12/01/2016	10,278.00	-	10,278.00
3/01/2017	10,278.00	-	10,278.00
6/01/2017	10,278.00	-	10,278.00
9/01/2017	10,278.00	-	10,278.00
12/01/2017	10,278.00	-	10,278.00
3/01/2018	10,278.00	-	10,278.00
6/01/2018	10,278.00	-	10,278.00
9/01/2018	10,278.00	-	10,278.00
12/01/2018	10,278.00	-	10,278.00
3/01/2019	10,278.00	-	10,278.00
6/01/2019	10,278.00	-	10,278.00
9/01/2019	10,278.00	-	10,278.00
12/01/2019	10,278.00	-	10,278.00
3/01/2020	10,278.00	-	10,278.00
6/01/2020	10,278.00	-	10,278.00
9/01/2020	10,278.00	-	10,278.00
12/01/2020	10,278.00	-	10,278.00
3/01/2021	10,278.00	-	10,278.00
6/01/2021	10,278.00	-	10,278.00
9/01/2021	10,278.00	-	10,278.00
12/01/2021	10,277.00	-	10,277.00
3/01/2022	10,277.00	-	10,277.00
6/01/2022	10,277.00	-	10,277.00
9/01/2022	10,277.00	-	10,277.00
12/01/2022	10,277.00	-	10,277.00
3/01/2023	10,277.00	-	10,277.00
6/01/2023	10,277.00	-	10,277.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2023	10,277.00	-	10,277.00
12/01/2023	10,277.00	-	10,277.00
3/01/2024	10,277.00	-	10,277.00
6/01/2024	10,277.00	-	10,277.00
9/01/2024	10,277.00	-	10,277.00
12/01/2024	10,277.00	-	10,277.00
3/01/2025	10,277.00	-	10,277.00
6/01/2025	10,277.00	-	10,277.00
9/01/2025	10,277.00	-	10,277.00
12/01/2025	10,277.00	-	10,277.00
3/01/2026	10,277.00	-	10,277.00
6/01/2026	10,277.00	-	10,277.00
9/01/2026	10,277.00	-	10,277.00
12/01/2026	10,277.00	-	10,277.00
3/01/2027	10,277.00	-	10,277.00
6/01/2027	10,277.00	-	10,277.00
9/01/2027	10,277.00	-	10,277.00
12/01/2027	10,277.00	-	10,277.00
3/01/2028	10,277.00	-	10,277.00
6/01/2028	10,277.00	-	10,277.00
9/01/2028	10,277.00	-	10,277.00
12/01/2028	10,277.00	-	10,277.00
3/01/2029	10,277.00	-	10,277.00
6/01/2029	10,277.00	-	10,277.00
9/01/2029	10,277.00	-	10,277.00
12/01/2029	10,277.00	-	10,277.00
3/01/2030	10,277.00	-	10,277.00
6/01/2030	10,277.00	-	10,277.00
9/01/2030	10,277.00	-	10,277.00
12/01/2030	10,277.00	-	10,277.00
3/01/2031	10,277.00	-	10,277.00
6/01/2031	10,277.00	-	10,277.00
9/01/2031	10,277.00	-	10,277.00
12/01/2031	10,277.00	-	10,277.00
3/01/2032	10,277.00	-	10,277.00
6/01/2032	10,277.00	-	10,277.00
9/01/2032	10,277.00	-	10,277.00
12/01/2032	10,277.00	-	10,277.00
3/01/2033	10,277.00	-	10,277.00
6/01/2033	10,277.00	-	10,277.00
9/01/2033	10,277.00	-	10,277.00
12/01/2033	10,277.00	-	10,277.00
3/01/2034	10,277.00	-	10,277.00
6/01/2034	10,277.00	-	10,277.00
9/01/2034	10,277.00	-	10,277.00
12/01/2034	10,277.00	-	10,277.00

**Frankfort Public Service District (West Virginia)**

*Loan of \$1,572,459*

*40 Years, 0% Interest Rate*

*Closing Date: June 22, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2035	10,277.00	-	10,277.00
6/01/2035	10,277.00	-	10,277.00
9/01/2035	10,277.00	-	10,277.00
12/01/2035	10,277.00	-	10,277.00
3/01/2036	10,277.00	-	10,277.00
6/01/2036	10,277.00	-	10,277.00
9/01/2036	10,277.00	-	10,277.00
12/01/2036	10,277.00	-	10,277.00
3/01/2037	10,277.00	-	10,277.00
6/01/2037	10,277.00	-	10,277.00
9/01/2037	10,277.00	-	10,277.00
12/01/2037	10,277.00	-	10,277.00
3/01/2038	10,277.00	-	10,277.00
6/01/2038	10,277.00	-	10,277.00
9/01/2038	10,277.00	-	10,277.00
12/01/2038	10,277.00	-	10,277.00
3/01/2039	10,277.00	-	10,277.00
6/01/2039	10,277.00	-	10,277.00
9/01/2039	10,277.00	-	10,277.00
12/01/2039	10,277.00	-	10,277.00
3/01/2040	10,277.00	-	10,277.00
6/01/2040	10,277.00	-	10,277.00
<b>Total</b>	<b>1,572,459.00</b>	<b>-</b>	<b>1,572,459.00</b>

**YIELD STATISTICS**

Bond Year Dollars.....	532,929.18
Average Life.....	20.941 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.84E-10
Bond Yield for Arbitrage Purposes.....	1.84E-10
All Inclusive Cost (AIC).....	1.84E-10

**IRS FORM 8038**

Net Interest Cost.....	-
Weighted Average Maturity.....	20.941 Years

(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:

\_\_\_\_\_

06/06/00  
306370/99001



[RESERVED]



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER, SIXTH FLOOR  
P. O. BOX 2190  
CLARKSBURG, W. VA. 26302-2190  
(304) 624-8000  
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER  
P. O. BOX 1616  
MORGANTOWN, W. VA. 26507-1616  
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FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25402-2629  
(304) 263-6991  
FACSIMILE (304) 262-3541

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SEVENTH FLOOR  
P. O. BOX 1588  
CHARLESTON, W. VA. 25326-1588

(304) 353-8000  
FACSIMILE (304) 353-8180

June 22, 2000

RILEY BUILDING, FOURTH FLOOR  
14TH AND CHAPLINE STREETS  
P. O. BOX 150  
WHEELING, W. VA. 26003-0020  
(304) 233-0000  
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK  
200 STAR AVENUE, SUITE 220  
P. O. BOX 628  
PARKERSBURG, W. VA. 26102-0628  
(304) 422-6463  
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER  
1000 TECHNOLOGY DRIVE  
P. O. BOX 2210  
FAIRMONT, W. VA. 26554-8824  
(304) 368-8000  
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

Frankfort Public Service District  
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program)

Frankfort Public Service District  
Wiley Ford, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of  
Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Frankfort Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$500,000 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement dated May 12, 2000, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds.

The 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 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the

purposes of (i) paying a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Purchase 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 the DEP and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the

Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), issued concurrently herewith in the original aggregate principal amount of \$1,572,459, all in accordance with the terms of the Bonds and the Bond Legislation.

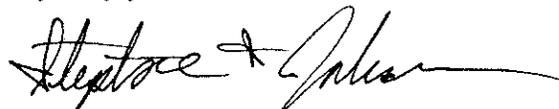
5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

We have examined the executed and authenticated 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

06/06/00  
306370/98001



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

June 22, 2000

Frankfort Public Service District  
Sewer Revenue Bonds,  
Series 2000 B (West Virginia Infrastructure Fund)

BANK ONE CENTER, SIXTH FLOOR  
P. O. BOX 2190  
CLARKSBURG, W. VA. 26302-2190  
(304) 624-8000  
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER  
P. O. BOX 1616  
MORGANTOWN, W. VA. 26507-1616  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25402-2629  
(304) 263-6991  
FACSIMILE (304) 262-3541

RILEY BUILDING, FOURTH FLOOR  
14TH AND CHAPLINE STREETS  
P. O. BOX 150  
WHEELING, W. VA. 26003-0020  
(304) 233-0000  
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK  
200 STAR AVENUE, SUITE 220  
P. O. BOX 628  
PARKERSBURG, W. VA. 26102-0628  
(304) 422-6463  
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER  
1000 TECHNOLOGY DRIVE  
P. O. BOX 2210  
FAIRMONT, W. VA. 26554-8824  
(304) 368-8000  
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

Frankfort Public Service District  
Wiley Ford, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Frankfort Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,572,459 Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 25, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending June 1, 2040, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The 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 13A and Chapter 31,

Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying in full the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for the issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund); (ii) paying a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of \$500,000, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

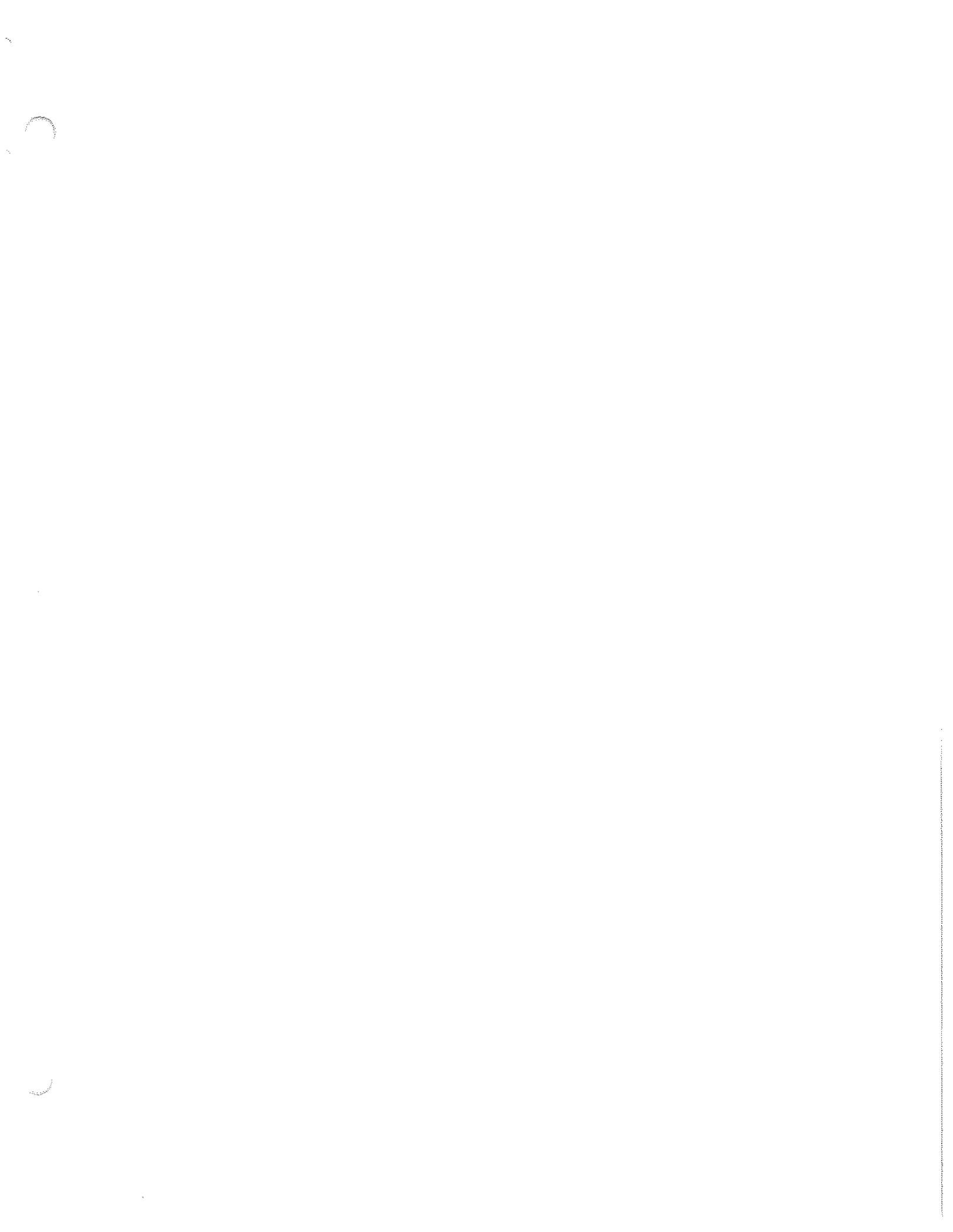
We have examined the executed and authenticated Bond numbered BR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

06/20/00  
306370/98001



# William R. Kuykendall

Attorney at Law

156 Center Street\*P.O. Box 700\*Keyser, West Virginia, 26726-0700

Telephone (304) 788-6577\*Fax (304) 788-1576

Opinion of Counsel to Issuer

June 22, 2000

Frankfort Public Service District  
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

Frankfort Public Service District  
Wiley Ford, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of  
Environmental Protection  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Steptoe & Johnson  
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to Frankfort Public Service District, a public service district, in Mineral County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a bond purchase agreement for the Series 2000 A Bonds dated May 12, 2000, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("DEP"), a loan agreement for the Series 2000 B Bonds dated May 25, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"), the Bond Resolution duly adopted by the Issuer on June 15, 2000, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Bond Legislation"), orders of The County Commission of Mineral County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Mineral County, the DEP, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on February 28, 2000, and June 19, 2000, respectively, in Case No. 99-0347-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates and charges for the System and the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order has not expired prior to the date

hereof. However, the parties to such Commission Order have stated that they do not intend to appeal such Commission Order. Such Commission Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to original application.

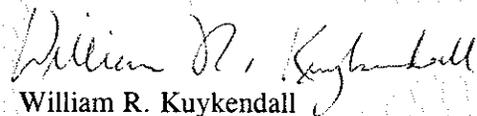
7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. 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 Agreements, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

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

Very truly yours,

  
William R. Kuykendall



# William R. Kuykendall

Attorney at Law

156 Center Street\*P.O. Box 700\*Keyser, West Virginia, 26726-0700

Telephone (304) 788-6577\*Fax (304) 788-1576

## FINAL TITLE OPINION

### WATER/WASTEWATER PROJECTS INFRASTRUCTURE FUND FINANCING

June 22, 2000

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

West Virginia Division of  
Environmental Protection  
617 Broad Street  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
980 One Valley Square  
Charleston, West Virginia 25301

Ladies and Gentlemen:

This firm represents Frankfort Public Service District (the "District") with regard to a proposed project to construct the Wiley Ford Sewer Project (the "Project"), and provides this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Division of Environmental Protection, (the "DEP"), and the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project.

Please be advised of the following:

1. I am of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Division of Environmental Protection.

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

3. I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by David G. Vanscoy, P.E. #6649, Rummel, Klepper & Kahl, LLP, the consulting engineers for the Project.

4. I have examined the records on file in the Office(s) of the Clerk of the County Commission of Mineral County, West Virginia, and Allegany County, Maryland, the counties in which the Project is to be located, and, in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, except and subject to the following:

The following listed properties are being acquired by eminent domain and the necessary filings have been made [or will be made prior to closing] in the Office(s) of the Clerk of the County Commission of Mineral County, West Virginia and Allegany County, Maryland to permit the District a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The District's title thereto is defeasible in the event the District does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the pending litigation:

<u>Map No.</u>	<u>Parcel No.</u>	<u>Property Owner</u>
F7	63.1	J. Snyder
F7	38.2, 38	Shanholtzer
F7	52	E. Snyder
F7	19	T. Geary
F7C	49	P. Diehl
F7C	37, 38	W. Chaney
F7C	39	Goodrich (Donahoe)
F7B, F7A	16, 105	R. Sanders
F7B	48	Ivan Powell
F7, F7C	104, 16	J. Nield
F7	11	G. Weicht
F7	16	C. Seibel
F7A	81	A. Howsare
F7A	27	Morleen (A. Hutt)
F4K	1.1	D. Long
F4K	1	V. Long
F4K	3	Wiley Ford Fire Department
F4N	106	R. Diehl
F4	25	G. Price
F4	11	Hare (Russell)
F4P	22.1, 18	B. McNeill
113	49, 44, 43	Roy Miller, Hozd & Harry Lanham
F7	61	Burkhardt

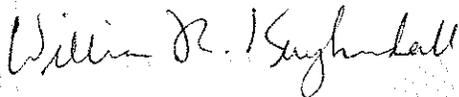
Katy Mallory, Executive Secretary

June 22, 2000

Page 3

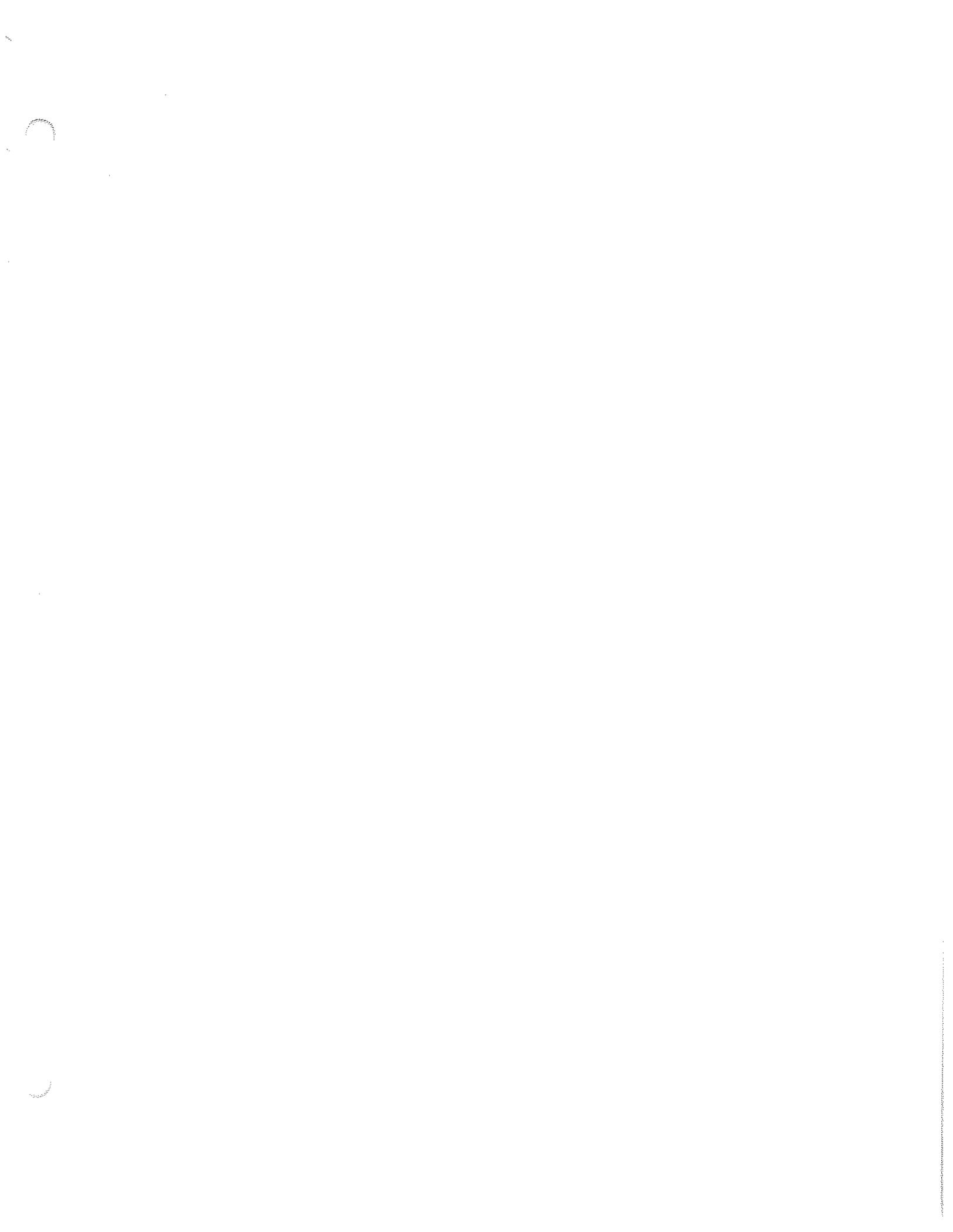
5. All deeds, easements and rights of way which have been acquired to date by the District have been duly recorded in the aforesaid Clerk's Offices in order to protect the legal title to and interest of the District.

Sincerely,



William R. Kuykendall

cc: Frankfort Public Service District  
Steptoe & Johnson



FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Frankfort Public Service District in Mineral County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and Series 2000 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted June 15, 2000, and the Supplemental Resolution duly adopted June 15, 2000 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of Grant proceeds or the Net 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, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

Following the refunding of the Prior Bonds on the date hereof, there are no other outstanding bonds or obligations of the Issuer 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, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Series 2000 A Bond Purchase Agreement

Series 2000 B Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating and Adjusting Boundaries of District and Public Service Commission Order relating thereto

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Evidence of Infrastructure Fund Grant

Evidence of Small Cities Block Grant

Evidence of West Virginia State Revolving Fund Hardship Grant

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Frankfort Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Mineral County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting 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>
A. Blane Murray	September 18, 1997	April 1, 2002
Douglas L. Brelsford	May 12, 2000	April 1, 2006
Hugh Felton	May 12, 2000	April 1, 2004

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2000 are as follows:

Chairperson	-	A. Blane Murray
Secretary	-	Douglas L. Brelsford
Treasurer	-	Hugh Felton

The duly appointed and acting counsel to the Issuer is William R. Kuykendall, in Keyser, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All

insurance for the System required by the Bond Legislation and Loan Agreements is in full force and effect.

10. **LOAN AGREEMENTS:** As of the date hereof, (i) the representations of the Issuer contained in the respective Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the dates of the Loan Agreements 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 Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreements.

11. **RATES:** The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on February 28, 2000 and June 21, 2000, respectively, in Case No. 99-0347-PSD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order has not expired prior to the date hereof. However, the Issuer hereby states that it will not appeal such Commission Order and the other parties to such Commission Order have stated that they do not intend to appeal such Commission Order. Such Commission Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to original application. Such rates and charges will become effective upon completion of the Project.

12. **PUBLIC SERVICE COMMISSION ORDERS:** The Issuer has received the Final Order and Commission Orders of the Public Service Commission of West Virginia entered on February 28, 2000, June 19, 2000 and June 21, 2000, respectively, in Case No. 99-0347-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order has not expired prior to the date hereof. However, the Issuer hereby states that it will not appeal such Commission Order and the other parties to such Commission Order have stated that they do not intend to appeal such Commission Order. Such Commission Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to original application.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series, numbered AR-1 and BR-1,

respectively, all dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS:** On the date hereof, the Issuer received \$84,252 from the Authority and the DEP, being a portion of the principal amount of the Series 2000 A Bonds. On the date hereof, the Issuer also received \$210,941 from the Authority and the Council, being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. **PUBLICATION OF NOTICE OF BORROWING AND PSC FILING:** The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

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

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

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

19. **GRANTS:** As of the date hereof, the grant from the West Virginia Infrastructure Fund in the amount of \$100,000, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$705,000 and the Hardship Grant from the West Virginia State Revolving Fund in the amount of \$963,480 are committed and in full force and effect.

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

WITNESS our signatures and the official seal of FRANKFORT PUBLIC SERVICE DISTRICT on this 22th day of June, 2000.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

A. Blane Murray

Chairman

Raymond A. Buehler

Secretary

William R. Kuylenstierna

Counsel to Issuer

06/06/00  
306370/98001



FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, David G. Vanscoy, Registered Professional Engineer, West Virginia License No. 6649, of Rummel, Klepper & Kahl, LLP, in Keyser, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of new public sewerage facilities (the "Project") of Frankfort Public Service District (the "Issuer") to be constructed primarily in Mineral County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on June 15, 2000, the Bond Purchase Agreement for the Series 2000 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), dated May 12, 2000, and the Loan Agreement for the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated May 25, 2000 (collectively, the Bond Purchase Agreement and the Loan Agreement are referred to as the "Loan Agreements").

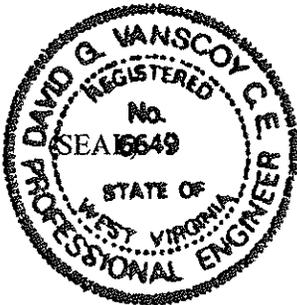
2. The Series 2000 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. The Series 2000 B Bonds are being issued for the purposes of (i) paying in full the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund); (ii) paying a portion of the costs of acquisition and construction of the Project; and (iii) paying costs of issuance and related costs.

4. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans,

specifications and designs prepared by my firm and approved by the DEP and the Council and any change orders approved by the Issuer, the Council, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A and the Schedule B attached hereto as Exhibit A and the Issuer's counsel, William R. Kuykendall, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Perry and Associates, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreements; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" and "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 22th day of June, 2000.



RUMMEL, KLEPPER & KAHL, LLP

A handwritten signature in cursive script that reads "David G. Vanscoy".

David G. Vanscoy, P.E.  
West Virginia License No. 6649

06/06/00  
306370/98001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Frankfort Public Service District

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

		1.	<u>Cost of Project</u>	
1.	Construction		\$ <u>2,956,559</u>	
2.	Technical Services		\$ <u>463,880</u>	
3.	*Legal and Fiscal		\$ <u>55,054</u>	
4.	Administrative		\$ <u>30,000</u>	
5.	**Site and Other Lands		\$ <u>30,000</u>	
6.	***Fac. Plan/Design or Other Loan			
	Repayment (Specify Type: Design Advance			
	<u>WV IJDC \$98,212</u> )		\$ <u>Included in Item 2</u>	
7.	Interim Financing Costs (WVIJDC Admin. Fee)		\$ <u>2,946</u>	
8.	Contingency		\$ <u>148,000</u>	
9.	Miscellaneous		\$ <u>142,500</u>	
10.	Total of Lines 1 Through 9			\$ <u>3,828,939</u>
		2.	<u>Sources of Funds</u>	
11.	Federal Grants: <sup>1</sup> <u>SCBG</u>		\$ <u>705,000</u>	
	(Specify Sources) <u>Hardship Grant</u>		\$ <u>963,480</u>	
12.	State Grants: <sup>1</sup> <u>WVIJDC</u>		\$ <u>100,000</u>	
	(Specify Sources) _____		\$ _____	
13.	Other Grants <sup>1</sup> _____		\$ _____	
	(Specify Sources) _____		\$ _____	
14.	Any Other Source <sup>2</sup> <u>WVIJDC Loan</u>		\$ <u>1,572,459</u>	
	(Specify) _____		\$ _____	
15.	Total of Lines 11 Through 14			\$ <u>3,340,939</u>
16.	Net Proceeds Required from Bond Issue			\$ <u>488,000</u>
	(Line 10 Minus Line 15)			
		C.	<u>Cost of Financing</u>	
17.	Bond Council		\$ <u>12,000</u>	
18.	Funded Reserve Account: <sup>3</sup> _____		\$ _____	
19.	Total Cost of Financing (lines 17 + 18)			\$ <u>12,000</u>
20.	Size of Bond Issue (Line 16 plus mLine 19)			\$ <u>500,000</u>

\* Includes \$15,054 estimated Bond Counsel costs for WVIJDC Loan.

\*\* Not allowable for State Revolving Fund Assistance

\*\*\* WDA loans associated with EPA grants are not allowable

A. Blane Murray  
A. Blane Murray, Chairman  
Frankfort Public Service District

David G. Vanscoy  
David G. Vanscoy, P.E., Associate  
Rummel, Klepper & Kahl, LLP

Date 5-25-00

Date 5/25/00

West Virginia Infrastructure and Jobs Development Council

Schedule B

Frankfort Public Service District – Wiley Ford Sewer Project  
 Total Cost of Project, Sources of Funds,  
 Cost of Financing and Distribution of Cost

A. Cost of Project	IJDC Loan	SRF Loan	IJDC Grant	SRF Grant	SCBG	Total
<b>1. Construction</b>						
a. Contract 1	1,015,435.00	296,333.00		663,787.00	594,445.00	2,570,000.00
b. Contract 2	147,006.00	42,900.00		96,098.00	88,825.00	374,829.00
c. Construction Reimb.					11,730.00	11,730.00
<b>2. Engineering Fees</b>	238,434.00*	69,582.00		155,864.00		463,880.00
<b>3. Legal</b>	40,000.00					40,000.00
<b>4. Administration</b>	10,000.00	10,000.00			10,000.00	30,000.00
<b>5. Sites and Other Lands</b>	30,000.00					30,000.00
<b>6. Contingency</b>		48,000.00	100,000.00			148,000.00
<b>7. Miscellaneous</b>	73,584.00	21,185.00		47,731.00		142,500.00
<b>8. Total of Line 1-7</b>	1,554,459.00	488,000.00	100,000.00	963,480.00	705,000.00	3,810,939.00
<b>B. Cost of Financing</b>						
9. a. Bond Counsel	15,054.00	12,000.00				27,054.00
b. Accountant						
c. IJDC Admin. Fee	2,946.00					2,946.00
<b>10. Total Cost Financing</b>	18,000.00	12,000.00				30,000.00
<b>11. Size of Bond Issue</b> Line 8 Plus Line 10	1,572,459.00	500,000.00				
<b>12. Total Financing</b> Line 8 or Line 11	1,572,459.00	500,000.00	100,000.00	963,480.00	705,000.00	3,840,939.00

\*This cost item includes \$98,212.00 to repay IJDC Design Advance.

  
 A. Blane Murray, Chairman  
 Frankfort Public Service District

  
 David G. Vanscoy, P.E.  
 Rummel, Klepper & Kahl, LLP

FRANKFORT PSD - WILEY FORD SEWER PROJECT

C544094

TOTAL COST OF PROJECT, SOURCES OF FUNDS

A. Cost of Project	IJDC Loan	IJDC Grant	SRF Loan	EPA Hardship Grant	SCBG	Total
1. Construction						
Contract 1	1,090,579		488,000	963,480	27,941	2,570,000
Contract 2	0				374,829	374,829
Construction reimbursement					11,730	11,730
2. Engineering fees	463,880					463,880
3. Legal					40,000	40,000
4. Administration					30,000	30,000
5. Sites & other lands					30,000	30,000
6. Contingency		100,000			48,000	148,000
7. Misc	0				142,500	142,500
8. Total of Lines 1 - 7	1,554,459	100,000	488,000	963,480	705,000	3,810,939
<b>B. Cost of Financing</b>						
9a. Bond Counsel	15,054		12,000			27,054
b. JDC Adm fee	2,946					2,946
Total cost of financing	18,000		12,000			30,000
Size of Bond	1,572,459		500,000			
<b>Total Financing</b>	<b>1,572,459</b>	<b>100,000</b>	<b>500,000</b>	<b>963,480</b>	<b>705,000</b>	<b>3,840,939</b>



# *Perry & Associates*

Certified Public Accountants, A.C.

**PARKERSBURG**  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

**MARIETTA**  
428 Second Street  
Marietta, Ohio 45750  
(740) 373-0056

June 22, 2000

Frankfort Public Service District  
Sewer Revenue Bonds  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

Frankfort Public Service District  
Wiley Ford, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

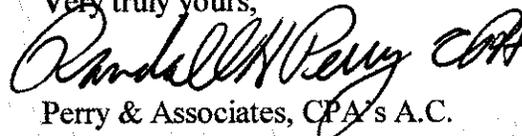
West Virginia Division of Environmental Protection  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 99-0347-PSD-CN, entered June 19, 2000, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Rummel, Klepper & Kahl, LLP, Consulting Engineer, 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 Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), to be issued by Frankfort Public Service District (the "Issuer") to the West Virginia Water Development Authority on the date hereof.

Very truly yours,

  
Perry & Associates, CPA's A.C.

06/20/00



FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Frankfort Public Service District in Mineral County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$500,000 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and \$1,572,459 Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, both dated June 22, 2000 (collectively, the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on June 15, 2000 (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 22, 2000, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$84,252 being a portion of the principal amount of the Series 2000 A Bonds, and \$210,941 being a portion of the principal amount of the Series 2000 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2000 A Bonds were sold on June 22, 2000, to the Authority, pursuant to a bond purchase agreement dated May 12, 2000, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of \$500,000 (100% of par), at which time, the Issuer received \$84,252 from the Authority and the DEP, being the first advance of the principal amount of the Series 2000 A Bonds. No accrued interest has been or will be paid on the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2000 B Bonds were sold on June 22, 2000, to the Authority, pursuant to a loan agreement dated May 25, 2000, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$1,572,459 (100% of par), at which time, the Issuer received \$210,941 from the Authority and the Council, being the first advance of the principal amount of the Series 2000 B Bonds. No accrued interest has been or will be paid on the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2000 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of new public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. The Series 2000 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying in full the entire outstanding principal of, all interest accrued, if any, and the administrative fee for the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Series 1997 Note"); (ii) paying a portion of the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance of the Bonds and related costs.

9. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before November 15, 2001. The acquisition and construction of the Project is expected to be completed by September 15, 2001.

10. The total cost of the Project financed from the proceeds of the Bonds and the grants described below is estimated at \$3,840,939. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2000 A Bonds	\$500,000
Proceeds of the Series 2000 B Bonds	\$1,572,459
Infrastructure Fund Grant	\$100,000
Small Cities Block Grant	\$705,000
West Virginia SRF Hardship Grant	\$963,480
Issuer's Funds	\$ -0-
Total Sources	<u>\$3,840,939</u>

USES

Costs of Acquisition and Construction of the Project	\$3,709,781
Capitalized Interest on the Bonds	-0-
Refund Series 1997 Note	101,158
Fund Series 2000 A Bonds Reserve Account	\$ -0-
Fund Series 2000 B Bonds Reserve Account	\$ -0-
Costs of Issuance	<u>30,000</u>
Total Uses	<u>3,840,939</u>

11. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2000 Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2000 A Bonds Construction Trust Fund;
- (4) Series 2000 B Bonds Construction Trust Fund;
- (5) Series 2000 A Bonds Sinking Fund;

- (6) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account;
- (7) Series 2000 B Bonds Sinking Fund; and
- (8) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account.

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

(1) Series 2000 A Bond proceeds in the amount of \$-0- will be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2000 B Bond proceeds in the amount of \$-0- will be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) Series 2000 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2000 A Bonds Reserve Account.

(4) Series 2000 B Bonds proceeds in the amount of \$-0- will be deposited in the Series 2000 B Bonds Reserve Account.

(5) Series 2000 B Bonds proceeds in the amount of \$101,158 will pay the entire outstanding principal of, all accrued interest on and the administrative fee for the Series 1997 Note on the date hereof.

(6) The balance of the proceeds of the Series 2000 A Bonds will be deposited in the Series 2000 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 A Bonds and related costs.

(7) The balance of the proceeds of the Series 2000 B Bonds will be deposited in the Series 2000 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 B Bonds and related costs.

13. Moneys held in the Series 2000 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2000 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

14. Moneys held in the Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2000 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund and Series 2000 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 15 months of the date hereof.

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

17. With the exception of the amount deposited in the Series 2000 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 17 months from the date of issuance thereof.

18. With the exception of the amount deposited in the Series 2000 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 17 months from the date of issuance thereof.

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

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

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

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

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

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

25. The Bonds are not federally guaranteed.

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

27. The Issuer has either (a) funded the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Moneys in the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Reserve Account, the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

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

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

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

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

WITNESS my signature on this 22nd day of June, 2000.

FRANKFORT PUBLIC SERVICE DISTRICT

  
Chairman

06/06/00  
306370/98001



CERTIFIED COPY

STATE OF WEST VIRGINIA

COUNTY OF MINERAL. TO-WIT:

I, Ruby L. Staggs, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Proposing Creation of Frankfort Public Service District minutes of February 14, 1974.



IN WITNESS WHEREOF,  
I have set my hand  
and the seal of said  
Commission at my  
office in said  
County this 15th day  
of September, 19 97

Ruby L. Staggs  
Clerk of the County Commission

By Barbara T. Kesner

February 14, 1974

Members Present--J. R. Haines, President, Charles A. Bonar and Brooks O. Evans, Members.

MASTELLER COAL COMPANY, APPRAISAL--Edwin Jordan met with the County Court along with Assessor Leslie Yost. Mr. Yost informed the Court that he had contacted Mr. Changes in Charleston. Mr. Changes thought Mr. Yost had the new appraisal for Masteller Coal Company, when Mr. Yost informed him he had not received the new sheets he told him he would see he received them as soon as possible. The Court requested Mr. Jordan to attend the next County Court meeting to be held in February 14, 1974 and they would try and work something out for him at that time.

FIRE COMPANIES--Larry Mongold, President Mineral County Fireman's Association, along with several other members appeared before the Court requesting the Court to submit five thousand (\$5,000.00) dollars for each fire company in this year's budget. The Court requested each fire company to submit their own request.

ON MOTION MEETING RECESSED until February 14, 1974.

  
President

February 14, 1974

Pursuant to the Recessed Special Meeting of February 9, 1974 the County Court met this 14th day of February, 1974 at 9:00 o'clock a.m. for its Regular Meeting and also sat as a Board of Review and Equalization.

The meeting was called to order by the President, J. R. Haines and opened with prayer by Brooks O. Evans.

Members Present were J. R. Haines, President, Charles A. Bonar and Brooks O. Evans, Members.

The minutes of the preceeding meeting were read. After alterations and corrections were made the minutes stand approved as read.

BETTY LOU BARBARITO-GUARDIAN BOND---Betty Lou Barbarito, along with Gary Athey her attorney, appeared before the Court regarding the Guardian Bond for Kathy Barbarito, Frederick Barbarito, Sebastian Barbarito, Jr. and Rose Barbarito. Mrs. Barbarito petitioned the Court, requesting the Bond be changed from the Mineral County Insurance Center (Travelers Indemnity Co.) as her surety, due to the expense of the bond, and Dorsia Westfall was allowed to act as surety for her. Mrs. Barbarito also requested the bond be reduced from \$10,000.00 to \$6,000.00. This motion was seconded by J. R. Haines.

ENERGY CRISES--Charles A. Bonar made the motion to adopt a resolution to be published in the newspaper thanking the citizens in Mineral County for their corporation in the energy crises.

FIRE COMPANIES--Brooks O. Evans made the motion to give the twelve (12) fire companies in Mineral County the amount of Two Thousand-five hundred (\$2,500.00) Dollars, this month, if the money is available in the budget. This motion seconded by Charles A. Bonar.

--Upon the motion made by Charles A. Bonar and duly seconded by Brooks O. Evans, passed unanimously, the County Court of Mineral County decided to proceed with the creation of a Public Service District, for Water and Sewage, to be known as the Frankfort Public Service District with the following boundaries; Beginning at the intersection of the Frankfort-Cabin Run Magisterial District and the North Branch Potomac River, thence, north-easterly along the rive to its intersection with the southern boundary of the town of Ridgeley Corporation line, thence east along the corporation line to its intersection with the North Branch Potomac Rive, thence, southeasterly along the meanders of the rive to its intersection with the Mineral-Hampshire County line, thence, south-westerly along county line to its intersection with the Frankfort-Cabin Run Magisterial District line, thence, northwesterly along magisterial district line to the North Branch, Potomac River, the point of beginning. The area contains approximately 100 square miles. The district service area excludes the town of Ridgeley and the Fort Ashby Public Service District. The date for the hearing for its creation--A Public Hearing will be held on March 15, 1974 at 7 o'clock p.m. in the Court Room of the Court House, in the city of Keyser, W. Va., at which hearing a creation of the district will be further considered by the County Court and citizens may be heard, for or against the creation of this Public Service

District, for water and sewage. Notice of the date of the hearing, time and place thereof and the description of the area to be served shall be published one (1) time in the Mineral Daily New Tribune at least ten (10) days before the date of hearing and shall be posted in five conspicuous places in Frankfort District.

MUSICAL FESTIVAL--George Barger appeared before the Court on behalf of Charles P. Simpson from Cocacresville, Md. and W. L. Haines to inform the Court that Mr. Simpson would be hold a musical festival on the W. L. Haines Farm, going from Fort Ashby to Patterson Creek, on Memorial Day.

MASTELLAR COAL COMPANY, INDUSTRIAL APPRAISAL TEAM--Upon motion of Charles Bonar and duly seconded by Brooks O. Evans to request the State Tax Commissioner to send the Industrial Appraisal Team to Mineral County to re-appraise che Mastellar Coal Company, Deep Mine, Strip Mine and Tyle. This personal property was last appraised in May of 1973 by Mr. Changes and subsequently readjusted by phone conversation with Mineral County Assessor on or about February 1, 1974. Mr. Edward Jordon, in behalf of Mastellar Coal Company appeared before the Board of Review and Equalization on February 14, 1974 to lodge protest to appraisal values of aforementioned Mastellar Coal Co. machinery and equipment.

WALTER A WENNER-DOG SITUATION--Walter A. Wenner appeared before the Court complaining about excess dog situation across New Creek in Willow Avenue section.

SELBY G. JACOBS-JUSTICE OF PEACE--Brooks O. Evans made the motion and duly seconded by J. R. Haines to appoint Selby G. Jacobs, Justice of the Peace for New Creek District to serve until after the General Election in November, 1974.

PRECINCTS BOUNDARIES--The County Court, by Charles A. Bonar and seconded by Brooks O. Evans, passed unanimously to enter an order that the boundaries of the several election precincts and the four (4) new election precincts be located and constituted as provided in an order entered at the Regular Meeting of the County Court held on December 11, 1973 in Order Book 17, at page 80. (See copy of Order in File Envelope, dated February 14, 1974). SEE ORDER OF CHANGING VOTING PRECINCTS BELOW

ARTHUR W. WAYBRIGHT-ASSESSMENT--Mr. Arthur W. Waybright appeared before the County Court regarding his assessment on his home in Elk District. The State of West Virginia had Arthur W. Waybright appraised at 70% of the true and actual value. The Mineral County Court on February 14, 1974 agreed that he should only be assessed on 50% of the true and actual value. Charles Bonar made the motion that he be allowed credit for overpayment for 1973. His 1974 taxes to go back to being assessed at 50% of the appraised value until a State Appraisal can be made.

WASHINGTON'S BIRTHDAY HOLIDAY--Permission was granted to allow all offices in the Court House to be closed on Saturday, February 16, 1974 in observance of Washington's Birthday along with Monday, February 18, 1974. The next regular meeting of the Court to be held on March 12, 1974.

ORDER: On this 14th day of February 1974, the Court being in Regular Session pursuant to a call made and published according to law wherein said notice stipulated among other matters to be considered by the Court at said Regular Session the said Court also took action and entered an order in regard to changes made in voting precincts in Mineral County.

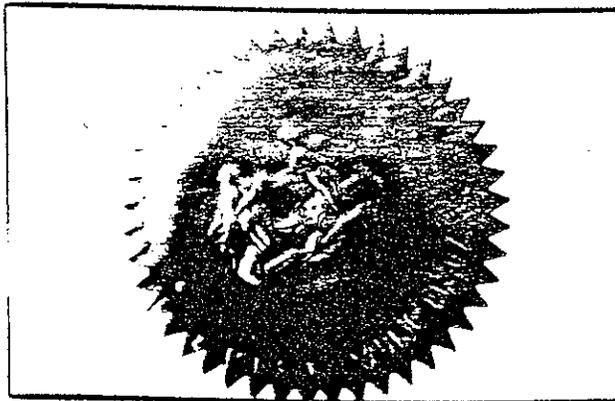
And it appearing to the Court that at a prior session of this Court an order was entered on the 11th day of December, 1973, directing the President of the Court to assemble data concerning the advisability of re-locating and re-establishing the boundary lines of the several voting precincts of Mineral County; also adding new precinct and it further appearing to the Court that on the 11th day of December, 1973, the Court entered an order directing the publishing of all notices as required by the statutes for the purpose of fixing a day at which time the Court would consider the matter of changes in location of the boundaries of the several voting precincts in Mineral County and thereupon entered an order in reference thereto: and it further appearing to the Court that a notice was published according to the provisions of the statutes fixing, the 14th day of February, 1974 at the hour of 4 o'clock p.m. as the day and time when the County Court would enter an order re-locating and re-establishing the boundaries of the several voting precincts, also adding four (4) new precincts in Mineral County, that said notice was published in the newspaper of Mineral County

CERTIFIED COPY

STATE OF WEST VIRGINIA

COUNTY OF MINERAL. TO-WIT:

I, Ruby L. Staggs, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Order Creating Frankfort Public Service District recorded in Minutes of April 15, 1974



IN WITNESS WHEREOF,  
I have set my hand  
and the seal of said  
Commission at my  
office in said  
County this 15th day  
of September 19 97

Ruby L. Staggs  
Clerk of the County Commission

By Barbara L. Lender



Creation of Carpendale Public Service District. Upon motion of Charles L. Logsdon, second by Raymond H. Tasker, and passed by unanimous vote, the following Order was approved for the creation of the Carpendale Public Service District:

O R D E R

IN THE COUNTY COMMISSION OF MINERAL COUNTY, WEST VIRGINIA IN THE MATTER OF

CREATION OF CARPENDALE PUBLIC SERVICE DISTRICT

On this the 13th day of September, 1977 at the regular session of the County Commission of Mineral County, West Virginia, the Honorable Commission, after first having published Notice of a Public Hearing on the creation of a public service district as required by law, and after conducting a hearing thereon on Tuesday, August 30, 1977, at which time there was no written protest, now determines that such public health, comfort and convenience of such area and does ORDER the creation of the Carpendale Public Service District, which is more particularly described as follows:

Beginning at the point of intersection of the West Virginia-Maryland Border and the southern boundary of the Town of Ridgeley; thence in a southeasterly direction following the southerly boundary of the Town of Ridgeley a distance of 1,200 feet, more or less, to a point on top of Knobley Mountain; thence in a southwesterly direction generally following the top of Knobley Mountain, but in a straight line, a distance of 6,100 feet, more or less, to a point on top of Knobley Mountain; thence in a southwesterly direction passing over a high point on Knobley Mountain and crossing the Western Maryland Railroad to a point on the West Virginia-Maryland border; thence following the West Virginia-Maryland border in a generally northeasterly direction to the place of beginning, said boundaries more particularly shown on a map prepared by VIN, Inc., and signed by Allen A. VanHorn, P.E.

The district service area excludes the Frankfort Public Service District, and is created for water and sewage.

D. B. ...  
President

Carpendale Public Service District Commission - Members. The following persons were appointed to serve on the Carpendale Public Service District Commission: Margaret Phillips, President, 6 years, Robert Frye, Vice President, 2 years, and Dorrin Armentrout, Secretary Treasurer, 4 years.

BEFORE THE COUNTY COMMISSION OF MINERAL COUNTY, WEST VIRGINIA

RE: Incorporation of the Town of Carpendale

O R D E R

On this the 3rd day of January, 1990, the County Commission of Mineral County, West Virginia, considered the incorporation of the town of Carpendale. Upon the returns being canvassed, the County Commission finds that a majority of the legal votes cast on the question of incorporation of the town or village of Carpendale, were in favor of such incorporation. The County Commission further finds that the residents of Carpendale, this County Commission, and the office of the Clerk of the County Commission have complied with all applicable provisions of the West Virginia Code 8-2-1 et seq.

Upon the matters considered, the County Commission directs the Clerk of said Commission to issue a certificate of incorporation in the form and substance as follows:

It appearing to the court (commission) of Mineral County, West Virginia, that under the provisions of Article Two, Chapter 8 (8-2-1 et seq.), as amended, at an election duly held on the 7th day of November, 1989, a majority of the legal votes cast on the question of incorporation by the qualified voters of the following territory, to wit: BEGINNING at the intersection

STAGGERS  
& WEBB

ATTORNEYS AT LAW  
KEYSER, WV 26726-0676

273 PAGE 1

of the North Branch of the Potomac River, the West Virginia state line and southern corporation line of the town of Ridgeley; thence, following the corporation line eastward to the top of Knobley Mountain; thence, following top of ridge of mountain southward to a knob, elevation approximately 1540'; thence, West to the North Branch of the Potomac River opposite an island in river and the West Virginia state line; thence, following the state line down the river to the BEGINNING, were cast in favor of the incorporation of the town or village of Carpendale, in the County of Mineral, bounded as herein set forth; and it appearing to the satisfaction of the court (commission) that all of the provisions of Article Two, Chapter Eight of the Code of West Virginia, as amended, have been complied with by the petitioners for said incorporation, said town or village is hereby declared to be a body corporate, duly authorized to exercise all of the corporate powers conferred upon towns or villages by Chapter Eight, (8-1-1 et seq.) of the Code of West Virginia, as amended, from and after the date of this certificate.

The County Commission of Mineral County further Orders and Directs that Rev. Elmer Sprinkle, Phares L. Hostettler and William D. Thompson are hereby appointed to act as commissioners

STAGGERS  
& WEBB

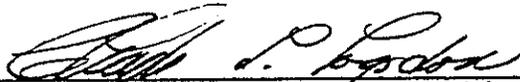
ATTORNEYS AT LAW  
KEYSER, WY 25726-0876

BOOK 273 PAGE 615

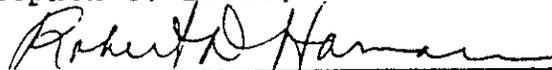
of election of the first election of the officers to be held in  
Carpendale as provided by West Virginia Code 8-5-2 et seq.

Given under our hands this Lord day of January, 1990.

  
RUBY STAGGS, CLERK  
COUNTY COMMISSION

  
Charles L. Logsdon, President

Stephen C. Sluss, Commissioner

  
Robert D. Harman, Commissioner

BOOK 253 PAGE 613

BEFORE THE COUNTY COMMISSION OF MINERAL COUNTY, WEST VIRGINIA

RE: Incorporation of Town of Carpendale

CERTIFICATE OF INCORPORATION

It appearing to the court (commission) of Mineral County, West Virginia, that under the provisions of Article Two, Chapter 8 (8-2-1 et seq.), as amended, at an election duly held on the 7th day of November, 1989, a majority of the legal votes cast on the question of incorporation by the qualified voters of the following territory, to wit: BEGINNING at the intersection of the North Branch of the Potomac River, the West Virginia state line and southern corporation line of the town of Ridgeley; thence, following the corporation line eastward to the top of Knobley Mountain; thence, following top of ridge of mountain southward to a knob, elevation approximately 1540'; thence, West to the North Branch of the Potomac River opposite an island in river and the West Virginia state line; thence, following the state line down the river to the BEGINNING, were cast in favor of the incorporation of the town or village of Carpendale, in the County of Mineral, bounded as herein set forth; and it appearing to the satisfaction of the court (commission) that all of the provisions of Article Two, Chapter Eight of the Code of West Virginia, as amended, have been complied with by the petitioners

STAGGERS  
& WEBB

ATTORNEYS AT LAW  
EYSER, WV 26726-0876

REC- 270-116017

for said incorporation, said town or village is hereby declared to be a body corporate, duly authorized to exercise all of the corporate powers conferred upon towns or villages by Chapter Eight, (8-1-1 et seq.) of the Code of West Virginia, as amended, from and after the date of this certificate.

The County Commission of Mineral County further Orders and Directs that Rev. Elmer Sprinkle, Phares L. Hostettler and William D. Thompson are hereby appointed to act as commissioners of election of the first election of the officers to be held in Carpendale as provided by West Virginia Code 8-5-2 et seq.

Given under our hands this 3rd day of January, 1990.

July L. Stagers  
Clerk County Court  
(County Commission)

Charles L. Logsdon  
Charles L. Logsdon, President

Stephen C. Sluss, Commissioner

Robert D. Harman  
Robert D. Harman, Commissioner

STATE OF WEST VIRGINIA, MINERAL COUNTY, TO-WIT:

Be it remembered that on, this 10th day of January, 1990  
at 2:21 o'clock P M., the foregoing Count Order  
with the certificate thereto annexed, was presented in the Office of the Clerk of the County Commission and admitted to record.

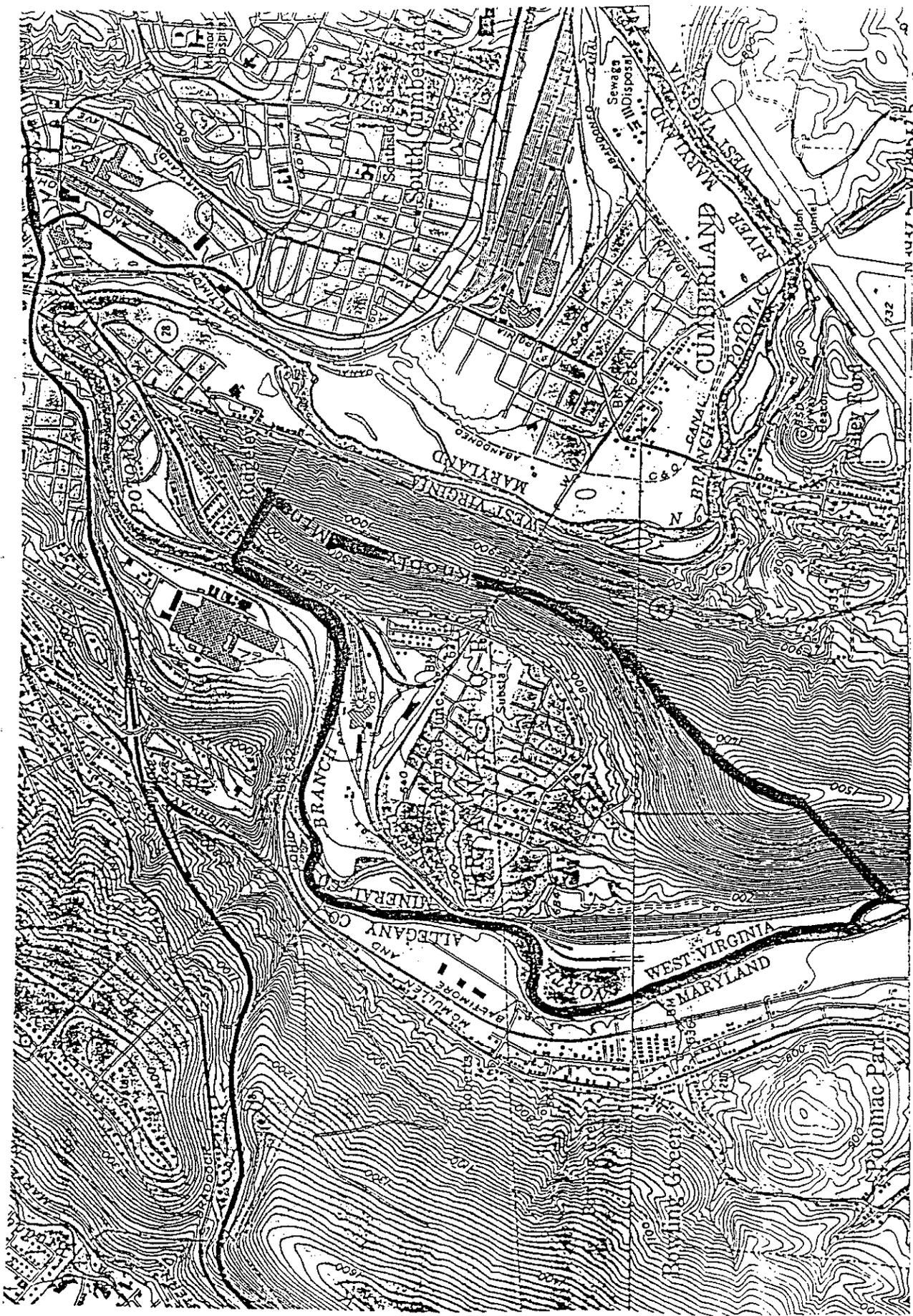
Stagers  
Clerk County Commission

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 92245-89

STAGGERS  
& WEBB  
ATTORNEYS AT LAW  
KEYSER, WV 26726-0676

BOOK 253 PAGE 613

TOWN OF CARPENDALE  
Frankfort District, Mineral County, West Virginia



Scale 1" = 2000'  
Date: August 30, 1989  
VANSCOY ENGINEERING & SURVEYING



discuss the grant application he had prepared for the funding. The total cost of the computer program will be \$4,050 in grant funds, with matching funding from the county in the amount of \$1,350. Sheriff Nield recommended the matching funds be taken from the Concealed Weapons Fund. Commissioner Bowers made a motion to approve the program. Commissioner Logsdon seconded the motion. Unanimous.

COUNTY COORDINATOR'S REPORT:

✓ Frankfort PSD – Doug Brelsford Appt.

Coordinator Bland stated that the appointment of Doug Brelsford had expired and the Frankfort PSD would like the Commission to reappoint him. Commissioner Bowers made a motion to reappoint Mr. Doug Brelsford as member of the Frankfort PSD for another six year term to expire April 2006. Commissioner Logsdon seconded the motion. Unanimous.

Wiley Ford PSD – Sewer Project

Coordinator Bland stated that since the bid opening, the PSD has been trying to get a decrease in the minimum rate for sewer bills. The proposition has been submitted to the State and is expected to be approved.

County Audit – 1999

The Commission was informed that the State Tax Department will be auditing the Mineral County Commission for the year ended June 30, 1999. Auditor David Hollandsworth will perform the audit at the cost of \$17,460. Commission President Harman signed the letter of agreement for the audit.

Dog Pound

Coordinator Bland reported that he has spoken with the architect, and should have an estimate on the construction of the Dog Pound by the May 3, 2000 meeting.

COUNTY COORDINATOR'S REPORT:

Courthouse Security - Metal Detectors Bid Report

Coordinator Bland reported that two standing metal detectors will be needed for the courthouse. Mr. Bland has spoken with the vendors about the warranty on the equipment, and recommends the Commission purchase the slightly more expensive detectors that have an extended warranty.

Route 220 - Right of Way

The Commission approved and signed the letter on behalf of the residents on Rt. 220, to request the DOH take the least amount of property necessary to complete a third lane on Rt. 220.

Parks & Recreation - Cabins at Barnum

Coordinator Bland stated that the contractor that finished the five cabins at Barnum needs to be paid from the county's Housing and Rehabilitation account before Parks & Recreation can be reimbursed from the state grant. Commissioner Harman made a motion to approve the payment of the contractor. Commissioner Logsdon seconded the motion. Unanimous.

Citizens Phone Company

Commissioner Logsdon made a motion to approve the bill of \$36,254.48 for Citizens Phone Company for the installation and equipment of a new phone system for the courthouse. The bill will be paid from the Capital Outlay account. Commissioner Harman seconded the motion. Unanimous.

Wiley Ford PSD - Sewer Project

Coordinator Bland reported that the design for the sewer system has been completed. He met with the members of the PSD on the modifications to the design. They are to continue to proceed as quickly as possible, and to obtain the right of ways. Funding allocation could be received as early as this fall. Mr. Bland reported that the Commission may have to provide funds for land acquisition.

✓ Frankfort PSD - Reappointment of Hugh Felton

Commissioner Harman made a motion to reappoint Hugh Felton as member of the Frankfort PSD, until a successor can be found. Commissioner Logsdon seconded the motion. Unanimous.

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Carl C. Thomas, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the County Commission meeting of June 9, 1998 Book 22 Page 731.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 8th day of May, 2000

Carl C. Thomas  
Clerk of the County Commission

By: Sandra A. Durrant Deputy

September 18, 1997

NOTICE

A special meeting of the County Commission of Mineral County will be held in the courthouse on Thursday September 18, 1997 at 12:30 PM for the purpose of appointing Blaine Murray to the Frankfort PSD.

Given under my hand this 15th day of September, 1997.

/s/ Ruby Lee Staggs, Clerk  
Mineral County Commission

Pursuant to said notice, which was posted according to law, the County Commission met in special session on September 18, 1997 at 12:30 PM.

Members Present: Robert Harman and Charles Logsdon.

Commissioner Harman called the special meeting to order.

✓ The purpose of the meeting is to consider the appointments of the members of the Frankfort Public Service District. Mr. Blaine Murray was not recorded as a member when appointed. Commissioner Logsdon made a motion to confirm the appointment of Mr. Murray as member of the Frankfort PSD through April 2002. Commissioner Harman seconded the motion.

MISCELLANEOUS:

Special Election

Commissioner Harman stated that the Commission had not made an opinion on the coming election. The County Commission unanimously supports the "yes" vote on Amendment # 1 on September 27, 1997.

There being no other business, Commissioner Logsdon made a motion to adjourn. Commissioner Harman seconded the motion.

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Carl C. Thomas, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the re-appointment of

Blaine Murray to the Frankfort Public Service District recorded in Order Book 22  
page 599

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 8th day of May, 2000

Carl C. Thomas  
Clerk of the County Commission

By: [Signature] Deputy



**State of West Virginia**

**MINERAL COUNTY. TO-WIT:**

I, Douglas L. Brelsford do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of member of the Frankfort PSD for the term ending April 1, 2006.

to the best of my skill and judgment, so help me God.

*Douglas L. Brelsford*  
Douglas L. Brelsford

Subscribed and sworn to before me this 12<sup>th</sup> day of MAY, 2000

*Sandra A. Durst*

STATE OF WEST VIRGINIA

COUNTY OF MINERAL. TO-WIT:

I, Carl C. Thomas, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the \_\_\_\_\_

Oath of office form for Douglas L. Brelsford.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 12<sup>th</sup> day of May, 2000

Carl C. Thomas  
Clerk of the County Commission

By: *Sandra A. Durst* Deputy

State of West Virginia

MINERAL COUNTY. TO-WIT:

I, Hugh H. Felton, do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of member of the Frankfort PSD Board for term ending April 1, 2004.

to the best of my skill and judgment, so help me God.

Hugh H. Felton  
Hugh H. Felton

Subscribed and sworn to before me this 12<sup>th</sup> day of MAY, 182000

Jandra S. Duvet

STATE OF WEST VIRGINIA

COUNTY OF MINERAL. TO-WIT:

I, Carl C. Thomas, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the \_\_\_\_\_

Oath of office form for Hugh H. Felton.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 12th day of May, 2000

Carl C. Thomas  
Clerk of the County Commission

By: Jandra S. Duvet Deputy

7  
2/1/95

# State of West Virginia

MINERAL COUNTY, TO-WIT:

I, A. Blane Murray do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Board Member--Frankfort Public Service District for term ending April 1, 2002

to the best of my skill and judgment, so help me God.

A. Blane Murray

Subscribed and sworn to before me this 18th day of September, 19 97

Ruby L. Staggs BOOK 02 PAGE 17

STATE OF WEST VIRGINIA, MINERAL COUNTY, TO-WIT:

Be it remembered that on this 12th day of September, 19 97 at 10:41 o'clock PM M., the foregoing City Office with the certificate thereof annexed, was presented in the Office of the Clerk of the County Commission and admitted to record.

RUBY L. STAGGS  
Clerk County Commission

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER No. 4396-87

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Carl C. Thomas, Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the oath of office for

Blane Murray member of the Frankfort PSD.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 15th day of May, 2000

Carl C. Thomas  
Clerk of the County Commission

By: Andrea S. Duvst Deputy



RULES OF PROCEDURE  
FRANKFORT PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: FRANKFORT PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at the intersection of Plum Run Road and Knobley Drive, Short Gap, West Virginia.

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Frankfort Public Service District – Public Corporation, and in the center shall be inscribed Corporate Seal.

Section 4. The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by the County Commission of Mineral County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy.

Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

#### ARTICLE IV

##### MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2<sup>nd</sup> Monday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two (2) members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meeting shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least three (3) days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

##### PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regular scheduled meeting of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Mineral County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service

Board for the holding of regular scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Mineral County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

## ARTICLE VI

### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may

be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notices, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial conditions of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required by him by law or as may be conferred upon him by the members of the Board, these Rules of Procedures or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

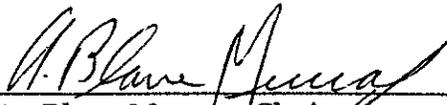
## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

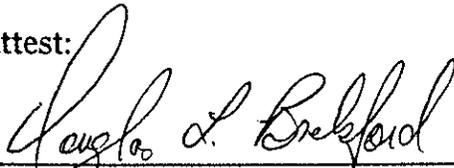
These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof by included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, by-laws or similar rules heretofore adopted by the District.

Adopted this 13<sup>th</sup> day of March, 2000.

  
\_\_\_\_\_  
A. Blane Murray, Chairman

Attest:

  
\_\_\_\_\_  
Doug Brelsford, Secretary



**NOTICE OF PRE-FILING  
STATE OF WEST VIRGINIA  
PUBLIC SERVICE COMMISSION  
CHARLESTON, WEST VIRGINIA**

Notice Is Hereby Given that the Frankfort Public Service District, a public utility, has given notice to the Public Service Commission of its intent to file an Application for, a Certificate of Convenience and Necessity for the construction, operation and maintenance of a public sewer system to serve approximately 465 customers in the Wiley Ford area of Mineral County, West Virginia.

The project will consist of the construction of approximately 3,000 feet of 10 inch gravity sewer line, 33,800 feet of 8 inch gravity sewer line, 17,000 feet of 6 inch gravity sewer line, 7,400 of 6 and 8 inch force main, three pump stations, manholes and other facilities necessary to complete the collection system and provide for the pumping of sewage to Cumberland, Maryland for treatment. The costs of the project is not to exceed \$5,500,000.

The District intends to finance the project by the following means: A State Revolving Fund Loan of \$500,000. at 1% interest, West Virginia Infrastructure & Job Development Council (WVIJDC) loan not to exceed \$4,500,000. at 0% interest and a WVIJDC grant of \$500,000. There is no interim financing proposed for this project.

The proposed rates for the project are not to exceed the following:

Minimum Monthly Bill (First 3,000 gal.) \$ 27.00

For each 1,000 gal. in excess of 3,000 gal. \$ 9.00

Security Deposit of Fifty Dollars (\$50.00) will be charged for all new customers.

**Pre-construction Tap Fee**

A tap fee of One Hundred Dollars (\$100.00) shall be charged for the initial connection of each new customer if said application is made prior to construction.

**Post-construction Tap Fee**

A tap fee of Five Hundred Dollars (\$500.00) Shall be charged for the initial connection of a new customer to the sewer system. This fee shall apply to all applications for services received after the start of construction.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

Frankfort Public Service District, a public utility in Mineral County, West Virginia.

**A. Blane Murray, Chairman**

3-11,18

I, as an officer of the News-Tribune, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Notice of

Pre-Filing: Public Service Commission  
in the case of Frankfort Public Service

District: Public Serwe System  
vs. \_\_\_\_\_

\_\_\_\_\_ a copy whereof is hereto annexed has been published for \_\_\_\_\_ 2 \_\_\_\_\_ consecutive \_\_\_\_\_ weeks

in said NEWS-TRIBUNE, the first publication being on the \_\_\_\_\_ 11th \_\_\_\_\_ day of, \_\_\_\_\_ March \_\_\_\_\_ 19 99.

Given under my hand at Keyser this \_\_\_\_\_ 18th \_\_\_\_\_ day of \_\_\_\_\_ March \_\_\_\_\_, 19 99.

Richard M. Peters  
Publisher

Publisher's Fee  
\$81.04 \_\_\_\_\_



Frankfort P.S.D. Meeting

February 14, 2000

Attendees: Blane Murray, Hugh Felton, Timothy Peer, Mike Dersin, Ron Snyder, Bernard Markwood (Metropolitan Representative).

1. Minutes of 1/10/00 meeting were read and approved.
2. Bernie Markwood presented us with information on a 403b Tax sheltered annuity retirement plan for our review and consideration. We are to find an IRS letter of Determination (55-) which will determine the type retirement plan available for our use. Send copy of the letter to Bernie Markwood. This plan is to be considered for our employees.
- ✓ 3. F.P.S.D. board members were elected to the following positions for Cy 2000 or until-death-do-us-part:  
Blane Murray- Chairman  
Doug Brelsford- Secretary  
Hugh Felton- Treasurer.
4. Moved by Hugh Felton, 2nd by Doug Brelsford and passed by the Board to check on implementing and start charging the Board of Education a fire service fee for the schools with fire protection service.
5. Doug presented the board with information on the Pro-read Computer Software and equipment to replace our manually read computer system. The initial cost for software, pro-read gun wand, 3 day training would require an initial outlay of about \$11,500. with approximately \$90,000 additional required to convert all the meters. This estimate is from Hughes Supply, Inc. We could start with the initial outlay and convert the meters as finances permit. Copy of estimate attached.
6. F.P.S.D. water service to Frankfort High and middle schools was found to be in compliance with all flow and pressure requirements. Craig Miller of W.V.P.S.C. is to document these results. It was also determined that required back flow preventers are in place.
7. Cause of misalignment of printing on the bills was resolved and software questions answered by our supplier.
8. The F.P.S.D. Wiley Ford Sewer Use Ordinance (15 pages) was reviewed, extensively revised, and returned to Mike Bland for what ever comes next.

9. A Wiley Ford Sewer Project pre bid conference will be held by R.K.&K. Engineering with the bid contractors on March 1, at the Wiley Ford Fire Hall. Bid openings is to be March 16, with construction to start within 60 to 90 days.
10. Blane, Mike and Tim attended a 2 day class at Keyser on Water Chemistry 101 presented by W.V. Rural Water Association. A good interesting class.
11. Vanscoy Engineering (R.K. & K.) needs right of entry to the 2 pump station sites so they can conduct required borings prior to completion of bidding.
12. Received a contract from Bill Kuykendall between him and F.P. S.D. for our review and approval. We approved 2/14/00.

13. Financial Statment:

Balance 1/10/00	38,539.19
Income thru 2/11	<u>41,173.74</u>
Sub total	79,712.93
Expenses thru 1/14	<u>34,854.33</u>
Balance 2/14/00	44,858.60

Water Purchased	7,756,300
<u>Estimated sold</u>	<u>7,592,144</u>
Water Loss	164,156 = 2.11%

14. Board members agreed to give our obsolete, and unused computer system to Francis Brelsford in appreciation for the dedicated years of service that she and husband Lloyd provided the people of Short Gap through the Frankfort P.S.D. for which they received little to no compensation.

Chairman F.P.S.D.





RECYCLED PAPER  
RECYCLABLE

FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Frankfort Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Frankfort Public Service District met in special session, pursuant to notice duly posted, on the 15th day of June, 2000, in Short Gap, West Virginia, at the hour of 6:00 p.m.

PRESENT:	A. Blane Murray	-	Chairman and Member
	Douglas L. Brelsford	-	Secretary and Member
	Hugh Felton	-	Treasurer and Member

ABSENT:           None.

A. Blane Murray, Chairman, presided, and Douglas L. Brelsford acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE  
OUTSTANDING SEWERAGE SYSTEM DESIGN NOTES,  
SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND),  
OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE  
ACQUISITION AND CONSTRUCTION OF NEW PUBLIC  
SEWERAGE FACILITIES OF FRANKFORT PUBLIC

SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND \$1,572,459 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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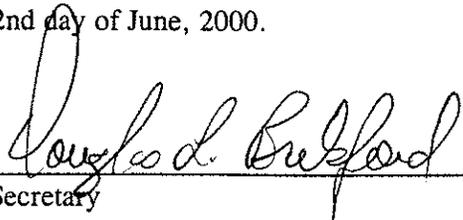
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

  
Chairman

CERTIFICATION

I hereby certify that the foregoing action of Frankfort Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 22nd day of June, 2000.

  
Secretary

06/06/00  
306370/98001



WV MUNICIPAL BOND COMMISSION  
812 Quarrier Street  
Suite 300  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 22, 2000

(See Reverse for Instructions)

ISSUE: Frankfort Public Service District Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program)

ADDRESS: Post Office Box 80, Wiley Ford, WV 26767 COUNTY: Mineral

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 22, 2000 CLOSING DATE: June 22, 2000

ISSUE AMOUNT: \$500,000 RATE: 0%; Administrative Fee: 1/2%

1ST DEBT SERVICE DUE: June 1, 2002 1ST PRINCIPAL DUE: June 1, 2002

1ST DEBT SERVICE AMOUNT: \$4,167 PAYING AGENT: Municipal Bond Commission

BOND  
COUNSEL: Steptoe & Johnson  
Contact Person: Vincent A. Collins, Esq.  
Phone: 624-8161

UNDERWRITERS  
COUNSEL: Jackson & Kelly  
Contact Person: Samme L. Gee, Esq.  
Phone: 340-1318

CLOSING BANK: F & M Bank - West Virginia  
Contact Person: Dianna Barbarito  
Phone: 788-3111

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: A. Blane Murray  
Position: Chairman  
Phone: 738-9552

OTHER: Division of Environmental Protection  
Contact Person: Rosalie Brodersen  
Function: Branch Leader  
Phone: 558-0637

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_  
\_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION  
812 Quarrier Street  
Suite 300  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 22, 2000

(See Reverse for Instructions)

ISSUE: Frankfort Public Service District Sewer Revenue Bonds,  
Series 2000 B (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 80, Wiley Ford, WV 26767 COUNTY: Mineral

PURPOSE OF ISSUE: New Money: X  
Refunding: X

REFUNDS ISSUE(S) DATED: 9/30/97

ISSUE DATE: June 22, 2000

CLOSING DATE: June 22, 2000

ISSUE AMOUNT: \$1,572,459

RATE: 0%

1ST DEBT SERVICE DUE: June 1, 2002

1ST PRINCIPAL DUE: June 1, 2002

1ST DEBT SERVICE AMOUNT: \$10,278

PAYING AGENT: Municipal Bond Commission

**BOND**

COUNSEL: Steptoe & Johnson  
Contact Person: Vincent A. Collins, Esq.  
Phone: 624-8161

**UNDERWRITERS**

COUNSEL: Jackson & Kelly  
Contact Person: Samme L. Gee, Esq.  
Phone: 340-1318

CLOSING BANK: F & M Bank - West Virginia  
Contact Person: Dianna Barbarito  
Phone: 788-3111

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: A. Blane Murray  
Position: Chairman  
Phone: 738-9552

OTHER: WV Infrastructure and Jobs Development Council  
Contact Person: Katy Mallory  
Function: Executive Director  
Phone: 558-0637

DEPOSITS TO MBC AT CLOSE:  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
X Check \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
X Other: \* \$ 101,158\*

REFUNDS & TRANSFERS BY MBC AT CLOSE  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_  
To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: \* Refunding of the Issuer's Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund)

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

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Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.



FRANKFORT PUBLIC SERVICE DISTRICT

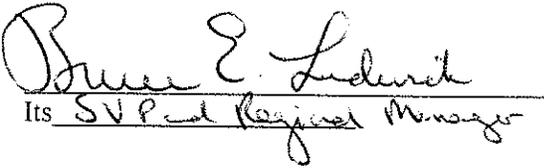
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

F&M Bank - West Virginia, Keyser, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Frankfort Public Service District (the "Issuer") adopted June 15, 2000, and the Supplemental Resolution of the Issuer adopted June 15, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated June 22, 2000, issued in the respective principal amounts of \$500,000 and \$1,572,459 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 22th day of June, 2000.

F&M BANK - WEST VIRGINIA

  
Its SVP and Regional Manager

06/06/00  
306370/98001



FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Frankfort Public Service District Water Revenue Bonds, Series 2000 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated June 22, 2000, issued in the respective principal amounts of \$500,000 and \$1,572,459 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 22th day of June, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

06/06/00  
306370/99001



FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22th day of June, 2000, by and between FRANKFORT PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$500,000 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and \$1,572,459 Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted June 15, 2000, and the Supplemental Resolution of the Issuer duly adopted June 15, 2000 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

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

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

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

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

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

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

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

ISSUER: Frankfort Public Service District  
P. O. Box 80  
Wiley Ford, West Virginia 26767  
Attention: Chairman

REGISTRAR: One Valley Bank, National Association  
Post Office Box 1793  
One Valley Square  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

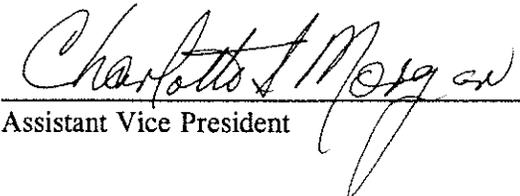
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

FRANKFORT PUBLIC SERVICE  
DISTRICT

  
Chairman

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

06/06/00  
306370/98001

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION







**This permit is subject to the following terms and conditions:**

The information submitted on and with Permit Application No. WV0104655 dated the 14th day of June 1999 along with the approvable plans and specifications dated the 1st day of November 1999 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections B, C, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Plans, Specifications, and Reports:

Date Approvable: November 1, 1999

Prepared by: Vanscoy Engineers  
125 West Street  
Keyser, WV 26726

Titles: Frankfort PSD - Wiley Ford Sewer Project  
Contract 1 - Wastewater Collection System  
Contract 2 - Pump Stations 1, 2, and 3

**B. SCHEDULE OF COMPLIANCE**

- 1. The permittee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in this permit in accordance with the following schedule:**

Effective date of permit.

- 2. Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than 14 days following each schedule date.**

### C. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. All lift stations shall be adequately protected by fencing.
3. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
4. On or before *June 11, 2000*, the permittee shall negotiate and sign an Industrial Pretreatment Agreement between the Frankfort PSD and the City of Cumberland, MD and shall submit to this Office a copy of said agreement. This Office shall allow the City of Cumberland, MD to implement its local pretreatment program in accordance with 40 CFR 403, the City's Wastewater Pretreatment Ordinance, and the inter-jurisdictional and industrial pretreatment agreements signed between the Frankfort PSD and the City of Cumberland, MD. However, because of potential enforcement issues dealing with the implementation of the City of Cumberland's pretreatment program across state boundaries, this Office reserves the right to require the Frankfort PSD to obtain the Chief's approval for the acceptance of any new non-domestic discharges as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0104655 dated the 14th day of June 1999; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0104655, dated the 14th day of June 1999; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Articles 11 and 12 and/or 15 of the Code of West Virginia and is transferable under the terms of Section 11 of Article 11.

By:   
Chief

BST/rb

# Appendix A

## I. MANAGEMENT CONDITIONS:

### 1. Duty to Comply

- a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
- b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

### 2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

### 3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

### 4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.

### 5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

### 6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10, Section 4.6 of the West Virginia Legislative Rules.

### 7. Transfers

This permit is not transferrable to any person except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

### 8. Duty to Provide Information

The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

### 9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

### 10. Inspection and Entry

The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

- a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
- b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
- c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any location.

### 11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22-11-12 of the Code of West Virginia.

### 12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the Environmental Quality Board.

### 13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules.

### 14. Liabilities

- a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
- b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- d) Nothing in 1.14 a), b), and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

## II. OPERATION AND MAINTENANCE:

### 1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Laws, W. Va. Code Chapter 16-1, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

### 2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of the permit.

### 3. Bypass

- a) Definitions
  - (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
  - (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.
- b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of II.3.c) and II.3.d) of this permit.
- c)
  - (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
  - (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in IV.2.b) of this permit.
- d) Prohibition of bypass
  - (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for a bypass, unless;
    - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
    - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
    - (C) The permittee submitted notices as required under II.3.c) of this permit.
  - (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in II.3.d.(1) of this permit.

### 4. Upset

- a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.
- b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitation if the requirements of II.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.
- c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
  - (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
  - (2) The permitted facility was at the time being properly operated;
  - (3) The permittee submitted notice of the upset as required in IV.2.b) of this permit.
  - (4) The permittee complied with any remedial measures required under I.3. of this permit.
- d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

### 5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

### III. MONITORING AND REPORTING

#### 1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

#### 2. Reporting

- a) Permittee shall submit, according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s). DMR submissions shall be made in accordance with the terms contained in Section C of this permit.
- b) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
- c) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).
- d) Specify frequency of analysis for each parameter as number of analyses/specified period (e.g., 3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

#### 3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

#### 4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

- a) The date, exact place, and time of sampling or measurement;
- b) The date(s) analyses were performed;
- c) The individual(s) who performed the sampling or measurement;
- d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
- e) The analytical techniques or methods used, and
- f) The results of such analyses. Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in III.6.

#### 5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

#### 6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

#### 7. Definitions

- a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
- b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
- c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
- d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
- e) "Grab Sample" is an individual sample collected in less than 15 minutes.
- f) "is" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
- g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
- h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24 hour day, or during the operating day if flows are of shorter duration.
- i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
- j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or which a relationship to absolute volume has been obtained.
- k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
- l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e., no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

## IV. OTHER REPORTING

### 1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the Legislative rules as they pertain to the reporting of spills and accidental discharges.

### 2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
  - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
  - (2) Any upset which exceeds any effluent limitation in the permit; and
  - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of IV.2 of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

### 3. Reporting Requirements

- a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
  - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series 10, Title 47; or
  - (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under IV.2 of this section.
- b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
  - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
    - (A) One hundred micrograms per liter (100 ug/l);
    - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
    - (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Series 10, Title 47.
    - (D) The level established by the Chief in accordance with Section 6.3.g of Series 10, Title 47;
  - (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
    - (A) Five hundred micrograms per liter (500 ug/l);
    - (B) One milligram per liter (1 mg/l) for antimony;
    - (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 of Series 10, Title 47;
    - (D) The level established by the Chief in accordance with Section 6.3.g of Series 10, Title 47.
  - (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
  - (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

### 4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in IV.2.a). Should other applicable noncompliance reporting be required, these terms and conditions will be found in Section C of this permit.



Office of Water Resources  
1201 Greenbrier Street  
Charleston, WV 25311-1088  
Telephone: (304) 558-4086 or 558-8855  
Fax: (304) 558-5903



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## West Virginia Division of Environmental Protection

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Cecil H. Underwood  
Governor

Michael C. Castle  
Director

WV/NPDES Permit No. WV0104655

### NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a (Now, Chapter 22, Article 11, Section 10). This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon rules promulgated by the Director of the Division of Environmental Protection. The Director promulgated regulations to this effect and the current regulations have an effective date of July 2, 1999. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the rules. The reference is Title 47, "Legislative Rules of Bureau of Environment, Division of Environmental Protection, Office of Water Resources"; Series 26, "Water Pollution Control Permit Fee Schedule".

Based upon the volume of discharge for which your facility is currently permitted, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is **\$100**. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. **You will be invoiced by this agency at the appropriate time for the fee.** Failure to submit the annual fee within ninety (90) days of the due date will render your permit void.

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"To use all available resources to protect and restore West Virginia's environment in concert with the needs of present and future generations."

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West Virginia  
Division of  
Environmental Protection

**EMERGENCY RESPONSE SPILL ALERT SYSTEM  
WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION**

**REQUIREMENTS:**

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

**RESPONSIBILITY FOR REPORTING:**

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Notification Number, **1-800-642-3074**. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Office of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- (1) Potential toxicity in water to man, animals and aquatic life;
- (2) Details on analytical procedures for the quantitative estimation of such substances in water and
- (3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West Virginia may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

**VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:**

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should make the report.

WHO TO CONTACT:

Notify the following number: **1-800-642-3074**.

INFORMATION NEEDED:

- |  |                                       |
|--|---------------------------------------|
| - Source of spill or discharge               | - Personnel at the scene              |
| - Location of incident                       | - Actions initiated                   |
| - Time of incident                           | - Shipper/Manufacturer identification |
| - Material spilled or discharged             | - Railcar/Truck identification number |
| - Amount spilled or discharged               | - Container type                      |
| - Toxicity of material spilled or discharged |                                       |

## **RIGHT OF APPEAL**

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 21, Article 11, Chapter 22 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.



Office of Water Resources  
1201 Greenbrier Street  
Charleston, WV 25311-1088  
Telephone: (304) 558-8855 or 558-4086  
Fax: (304) 558-5903



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## West Virginia Division of Environmental Protection

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Cecil H. Underwood  
Governor

Michael C. Castle  
Director

January 11, 2000

A. Blaine Murray, Chairman  
Frankfort PSD  
PO Box 80  
Wiley Ford, WV 26767

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Murray:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0104655, dated the 11th day of January 2000, for the Frankfort Public Service District to serve the area of Wiley Ford, West Virginia.

Also, please note the attachment to this permit which describes the annual permit fee requirement.

If you have any questions regarding this permit, please contact Robert Bates of this office at 304-558-4086, or by TDD at 304-558-2751.

Very truly yours,

OFFICE OF WATER RESOURCES

Pravin G. Sangani, P.E.  
Branch Leader, Permits

PGS:bb

Enclosures

cc: Environmental Inspector Supervisor  
Environmental Inspector

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"To use all available resources to protect and restore West Virginia's



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West Virginia  
Division of  
Environmental  
Protection



IC-2  
(4/4/00)

## GRANT AGREEMENT

This Grant Agreement entered into as of the 8th day of June, 2000, between the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Frankfort Public Service District (the "Governmental Agency").

### R E C I T A L S

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$100,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

### T E R M S

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Council and the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

FRANKFORT PUBLIC SERVICE  
DISTRICT

By: *A. Blaine Murray*  
Its: Chairman

Date: May 26, 2000

SEAL

ATTEST

*Henry L. Bickford*  
Its: Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

By: *Daniel B. Gomboski*  
Its: Director

Date: May 25, 2000

SEAL

ATTEST

*Barbara B. Meadows*  
Its: Secretary-Treasurer

Exhibit A

Project Description

The Project consists of construction of a wastewater collection system.





STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

CECIL H. UNDERWOOD  
GOVERNOR

November 8, 1999

The Honorable Robert D. Harman  
President  
Mineral County Commission  
150 Armstrong Street  
Keyser, West Virginia 26726

Dear Commissioner Harman:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of \$705,000. These funds will enable you to extend sewer service to the community of Wiley Ford.

The West Virginia Development Office, Community Development staff, will contact you to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for Mineral County.

Very sincerely,

A handwritten signature in black ink, appearing to read "Cecil H. Underwood", written over a circular stamp or mark.

Cecil H. Underwood

CHU:pk



## HARDSHIP GRANT AGREEMENT

This Hardship Grant Agreement ("Agreement") entered into on the 22nd day of June, 2000 between the West Virginia Division of Environmental Protection (the "DEP") and the Frankfort Public Service District, Mineral County, West Virginia (the "Governmental Agency").

### RECITALS

WHEREAS, the DEP has authorized a hardship grant be made in the amount not to exceed \$963,480 (the "Grant") for the purpose of paying a portion of the costs of acquisition and construction of a project for which an application has been submitted and approved by the DEP;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purpose of constructing the project described in the application (the "Project");

WHEREAS, this Agreement sets forth the DEP and Governmental Agency's understandings and agreements with regard to the Grant:

WHEREAS, the Project will be administered by the DEP under the West Virginia Water Pollution Control Revolving Fund (SRF) and a separate Bond Purchase Agreement to be entered into among the DEP, the Governmental Agency and the West Virginia Water Development Authority (the "Bond Purchase Agreement");

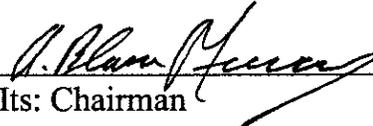
NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the DEP and the Governmental Agency hereby agree as follows:

1. The DEP shall advance from the Grant from time to time its share of the Project costs in accordance with the SRF payment procedures. The Governmental Agency shall also submit an executed copy of the resolution of its board approving the requisition.
2. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in the application and approved Project budget attached hereto as Exhibit A and incorporated herein by reference.

3. The Governmental Agency shall comply with and is bound by the DEP's rules governing the SRF program in accordance with the Bond Purchase Agreement.
4. This Agreement may only be amended with the written consent of both parties hereto.
5. The laws of the State of West Virginia shall govern this Agreement.
6. This Agreement shall terminate upon the completion of Project.

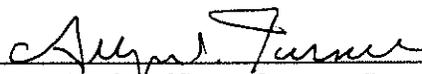
IN WITNESS THEREOF, the parties hereto have caused this Hardship Grant Agreement to be executed by the respective duly authorized officers as of the date executed below by the DEP.

FRANKFORT PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

Date: 6-15-00

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By:   
Its: Chief, Office of Water Resources

Date: 6-21-00



FRANKFORT PUBLIC SERVICE DISTRICT

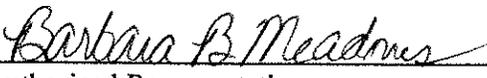
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT

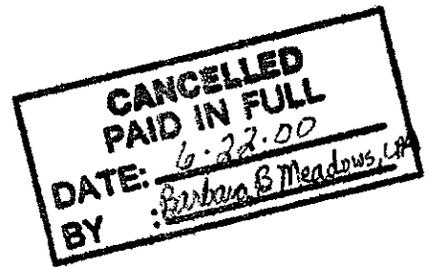
The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund) (the "Notes"), of Frankfort Public Service District (the "Issuer"), dated September 30, 1997, in the original aggregate principal amount of \$98,212, bearing no interest, hereby certifies that it has received the sum of \$101,158 from the Issuer and that such sum is sufficient to pay the entire outstanding principal amount of the Notes and the administrative fee to the date hereof and discharge the liens, pledges and encumbrances securing the Notes.

Dated this 22nd day of June, 2000.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
\_\_\_\_\_  
Authorized Representative

06/079/00  
306370/98001



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRANKFORT PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM DESIGN NOTE, SERIES 1997  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$98,212

KNOW ALL MEN BY THESE PRESENTS: That FRANKFORT PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the 30th day of September, 2000, the principal sum of NINETY-EIGHT THOUSAND TWO HUNDRED TWELVE DOLLARS (\$98,212), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached hereto and incorporated herein by reference as a part hereof, with no interest. The Administrative Fee (as defined in the hereinafter described Notes Legislation) shall be payable in the amounts and on the dates as set forth in the Loan Agreement (as hereinafter defined).

The principal of this Note and the Administrative Fee are payable in any coin or currency which on the date of payment thereof 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 Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated September 30, 1997, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) to temporarily finance a portion of the costs of design of new public sewerage facilities of the Issuer (the "Project", and together with any further additions, betterments and improvements thereto, collectively referred to as the "System") and (ii) to pay the costs of issuance hereof and related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Notes Resolution duly adopted by the Issuer on September 22, 1997, and a Supplemental Resolution duly adopted by the Issuer on September 22, 1997 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

CANCELLED  
PAID IN FULL  
DATE: 6-22-00  
BY: *Amn*

The principal of this Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of this Note; and (3) Surplus Revenues (as defined in the Notes Legislation), if any. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of and interest, if any, accrued to the maturity date of the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

**CANCELLED  
PAID IN FULL**  
DATE: 6-22-00  
BY : fbm

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of design of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

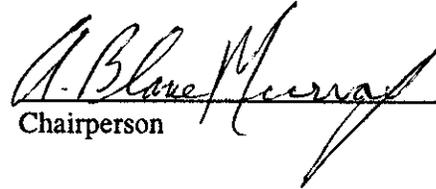
All provisions of the Notes Legislation and the statutes under which this Note is issued shall be deemed to be part of the contract evidenced by this Note to the same extent as if written fully herein.

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

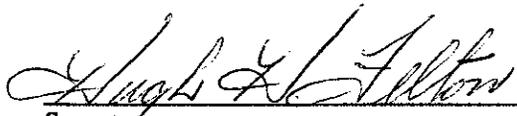
**CANCELLED  
PAID IN FULL**  
DATE: 6.22.00  
BY : Am

IN WITNESS WHEREOF, FRANKFORT PUBLIC SERVICE DISTRICT  
has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto  
affixed and attested by its Secretary, and has caused this Note to be dated September 30,  
1997.

[SEAL]

  
Chairperson

Attest:

  
Secretary

**CANCELLED  
PAID IN FULL**  
DATE: 6-22-00  
BY : ABM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owned set forth above.

Date: September 30, 1997.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION,  
Registrar

Charlton A. Meyer  
Authorized Officer

**CANCELLED**  
**PAID IN FULL**  
DATE: 6-22-00  
BY : hbm

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto \_\_\_\_\_ the within-mentioned Note and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

IN THE PRESENCE OF:

\_\_\_\_\_

CANCELLED  
PAID IN FULL  
DATE: 6-22-00  
BY : AM

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$98,212	9-30-97	(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

TOTAL \$ \_\_\_\_\_



# MEMORANDUM

**To:** Financing Team

**From:** John C. Stump, Esquire

**Date:** June 8, 2000

**Re:** Closing Memo - Frankfort Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Sewer Revenue Series 2000 B (West Virginia Infrastructure Fund)

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## 1. DISBURSEMENTS TO FRANKFORT PUBLIC SERVICE DISTRICT

- A. Payor: West Virginia Department of Environmental Protection (West Virginia SRF Program)  
Amount: \$84,252  
Form: Check  
Payee: Frankfort Public Service District  
Contact: Rosalie Bordersen
- B. Payor: West Virginia Infrastructure and Jobs Development Council  
Amount: \$210,941  
Form: Check  
Payee: Frankfort Public Service District  
Contact: Katy Mallory, P.E.

## DISBURSEMENTS BY FRANKFORT PUBLIC SERVICE DISTRICT FROM BOND PROCEEDS

Source: Series 2000 B Proceeds (West Virginia Infrastructure Fund)  
Amount: \$101,158  
Form: Check  
Payee: West Virginia Water Development Authority  
Memo: Pay-off of Series 1997 Notes

06/08/00  
306370/98001

