FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

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State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

Date 12/17/12 Time 1:45 LGA Frankfort PSD Program WDA

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The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Blane Murray, Chairman Telephone 304.738.9552 E-Mail N/A

Address P.O. Box 80, Wiley Ford, West Virginia 26767

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

FRANKFORT PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

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FRANKFORT PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING 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 NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT 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 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. 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, duly created pursuant to the Act by The County Commission of Mineral County.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer, consisting of construction of Phase II of the Northern Mineral County Regional Sewer System project, together with all appurtenant facilities (the design of the aforementioned improvements and extensions is herein referred to as the "Project"). The existing public sewerage facilities of the Issuer and any further improvements or extensions thereto, including those contemplated by the Project, are herein called the "System".

C. In order to complete the Project, the Issuer has entered into a Contract with the Consulting Engineer for preconstruction engineering services. The Issuer intends to finance the costs of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers its loan program, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in the principal amount of not more than $800,000 (the "Series 2012 A Bonds"), to temporarily finance a portion of the costs of the Project and to pay costs of issuance of the Series 2012 A 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 interest, if any, upon the Series 2012 A Bonds prior to and during the Project and for a period not exceeding 6 months after completion of the Project; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the undertaking of the Project, 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 2012 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer as defined in Section 1.02B is not less than 20 years.

F. It is in the best interests of the Issuer that its Series 2012 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority for the Series 2012 A Bonds, in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000 (the "Series 2000 A Bonds"); (ii) Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459 (the "Series 2000 B Bonds"); (iii) Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751 (the "Series 2010 A Bonds") and (iv) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900 (the "Series 1975 Bonds") (hereinafter collectively, the "Prior Bonds").

The Series 2012 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2012 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2012 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year 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 2012 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the Project, the Contract and the System and issuance of the Series 2012 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity 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 2012 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and

security of the Bondholders of any and all of such Series 2012 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 1 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 2012 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"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 2012 A Bonds, the Prior Bonds and, where appropriate, 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 2012 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 2012 A 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.

"Contract" means the contract for preconstruction engineering services for the Project by and between the Issuer and the Consulting Engineers.

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

"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.

"Gross Revenues" shall mean all rates, rents, fees, charges or other income (including, without limitation, sale proceeds and interest or other income derived from the investment of the funds and accounts established hereunder) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting practices.

"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.

"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 the Loan Agreement heretofore entered, or to be entered, by and between the Issuer and the Authority, providing for the purchase of the Series 2012 A Bonds, the form 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 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 A Bonds 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 2012 A 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.

"Operating Expenses", unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the Issuer relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting practices.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund created by Prior Resolution.

"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 canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; 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 Parity 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 2012 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Series 2000 A Bonds, Series 2000 B Bonds, Series 2010 A Bonds and Series 1975 Bonds as described in Section 1.02G hereof and defined in this Section.

"Prior Resolution" means, collectively, the Resolutions authorizing the Prior Bonds.

"Project" means the Project as described in Section 1.02(B) 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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.

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

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

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2012 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2012 A Bonds and the Prior Bonds.

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

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

"Series 1975 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the original aggregate principal amount of $612,900.

"Series 2000 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000.

"Series 2000 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459.

"Series 2010 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751.

"Series 2012 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), authorized to be issued hereby.

"Series 2012 A Bonds Project Fund" means the Series 2012 A Bonds Project Fund established by Section 5.01 hereof.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established pursuant to Section 5.02 hereof.

"Series 2012 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 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2012 A Bonds and the Prior Bonds.

"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 2012 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2012 A 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, the Prior

Bonds, or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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 OFTHE PROJECT AND APPROVAL OF THE LOAN AGREEMENT

Section 2.01. Authorization of the Undertaking of the Project. There is hereby authorized and ordered the undertaking of the Project, at an estimated cost of $1,369,000. The proceeds of the Series 2012 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer is hereby authorized and directed to enter into the Contract with the Consulting Engineers.

The cost of the Project is estimated to be $1,369,000 of which $800,000 will be obtained from the proceeds of the Series 2012 A Bonds; $500,000 will be obtained from a Mineral County Commission grant; and $69,000 will be deferred from the Engineer.

Section 2.02. Approval of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated in this Resolution. The Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement.

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 2012 A Bonds, funding reserve accounts for the Series 2012 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 A 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 2012 A Bonds of the Issuer. The Series 2012 A Bonds shall be issued in a single series, designated as "Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority)" in the principal amount of not more than $800,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after funding of the Series 2012 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 2012 A Bonds, if any, shall be deposited in or credited to the Series 2012 A Bonds Project Fund, established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2012 A 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 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 2012 A 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 2012 A Bonds, if any, shall be paid by check or draft of the Paying Agent, or its 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 2012 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2012 A Bonds. The Series 2012 A 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 2012 A 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 2012 A Bonds shall cease to be such officer of the Issuer before the Series 2012 A 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 2012 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2012 A Bonds 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 Bonds, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on the Series 2012 A Bonds 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 2012 A 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 2012 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2012 A 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 2012 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or

transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2012 A Bonds 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 canceled 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 2012 A 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 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2012 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 A Bonds and the Prior 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 2012 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 A 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 2012 A 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, register, and deliver the Series 2012 A 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 2012 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 A 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $800,000

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2012, FRANKFORT PUBLIC SERVICE DISTRICT, a 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 EIGHT HUNDRED THOUSAND DOLLARS ($800,000), 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. The Series 2012 A Bonds shall be dated the date hereof, and shall finally mature _____1, 20___. Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on _____1, 20__ . Commencing _____1, 20__, interest accrues at the rate of 3.0 % per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable January 1, April 1, July 1 and October 1 commencing _____ 1, 20__, to and including _____, 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2012.

This Bond is issued (i) to temporarily pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the existing sewerage

facilities of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the "Project", and the existing public sewerage system of the Issuer, together with any further additions, betterments and improvements thereto, including those contemplated by the Project, are collectively referred to as the "System"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2012, and a Supplemental Resolution duly adopted by the Issuer on _____, 2012 (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: (I) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2000 A BONDS"); (II) SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,572,459 (THE "SERIES 2000 B BONDS"); (III) SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 18, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,249,751 (THE "SERIES 2010 A BONDS"); AND (IV) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 27, 1975, ORIGINALLY ISSUED TO FORT ASHBY PUBLIC SERVICE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF $612,900 (THE "SERIES 1975 BONDS") (HEREINAFTER COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account") and from unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose.

This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds; provided however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding secured by a lien or payable from such revenues, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in 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 and interest on this Bond.

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

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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 as of the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 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: _____, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2012 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the 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 Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Reserve Account for the Series 1975 Bonds (established by Prior Resolution); and

(4) Series 2012 A Bonds Project Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if established by Prior Resolution) 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 (established by Prior Resolution);

(2) Series 2000 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 2000 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 2000 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 2010 A Bonds Sinking Fund (established by Prior Resolution);

(6) Series 2010 A Bonds Reserve Account (established by Prior Resolution);

(7) Series 2012 A Bonds Sinking Fund; and

(8) Series 2012 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer 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 monies in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (i) to the National Finance Office the amount required by the Prior Resolution to make the interest payments on the Series 1975 Bonds; and (ii) to the Commission commencing 4 months prior to the first date of payment of interest on the Series 2012 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2012 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the

Series 2012 A Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the National Finance Office the amount required by Prior Resolution to pay the principal on the Series 1975 Bonds; (ii) to the Commission the amount required by the Prior Resolution to pay the principal of the Series 2000 A Bonds, Series 2000 B Bonds, and Series 2010 A Bonds; and (iii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 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 2012 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank the amount required by Prior Resolution for deposit in the Reserve Fund for the Series 1975 Bonds; (ii) to the Commission the amounts required by the Prior Resolution to be deposited in the respective Reserve Accounts for the Series 2000 A Bonds, Series 2000 B Bonds, and Series 2010 A Bonds; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement, until the amount in the Series 2012 A Bonds Reserve Account equals the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum

equal to 2 ½% of the Gross Revenues each month (as previously set forth in the Prior Resolution and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, 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 monies from the Renewal and Replacement Fund.

After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 A Bonds as the same shall become due. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 A Bonds as the same shall come due, when other monies in the Series 2012 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during the Project, be deposited in the Series 2012 A Bonds Project Fund, and following completion 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 2012 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2012 A Bonds Reserve Requirement 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 2012 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund or the Series 2012 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2012 A 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 2012 A Bonds Sinking Fund and the Series 2012 A 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. 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.

Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2012 A 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.

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 the Act, such excess shall be considered as surplus revenues (the "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 monies in excess of the maximum amounts insured by FDIC in any of the 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 herein above 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2012 A Bonds Project 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; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2012 A Bonds, the following amount shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 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 2012 A Bonds for the period commencing on the date of issuance of the Series 2012 A Bonds and ending 6 months after the estimated date of completion of the Project.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if

any, set forth in the Supplemental Resolution for funding the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 A Bonds Project Fund and applied solely to payment of the 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 2012 A Bonds.

D. After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2012 A Bonds shall be applied as directed by the Authority.

Section 6.02. Disbursements From the Bond Project Funds. The Issuer shall each month provide the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Authority shall require. Except as provided in Section 6.01 hereof, disbursements from the Series 2012 A Bonds Project Fund shall be made only after submission to, and approval from, the Authority of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

Pending such application, monies in the Series 2012 A Bonds Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2012 A Bonds within 3 years of the date of issuance of the Authority's 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 2012 A 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 2012 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 A 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 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2012 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 A Bonds and the Prior 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 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. 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 July 14, 2009 and Commission Order dated February 8, 2010 in Case No. 08-2005-PSD-CN, and such rates are hereby adopted.

So long as the Series 2012 A 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 2012 A 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 Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber

the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2012 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the 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 2012 A Bonds, immediately be remitted to the Commission for deposit in the Series 2012 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2012 A Bonds. Any balance remaining after the payment of the Series 2012 A 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 a professional engineer 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 and the Sinking Funds shall not reduce the amount required to be paid into such accounts by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from

the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, and source of and security for payment from such revenues and in all other respects, to the Series 2012 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 A 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 2012 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 A Bonds.

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

So long as the Series 1975 Bonds are Outstanding, 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1975 Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 2000 A Bonds, Series 2000 B Bonds, Series 2010 A Bonds or Series 2012 A Bonds are outstanding, no Parity Bonds shall be issued at any time, 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 expected 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 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 expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above 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 time for appeal of which shall have 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. All Bonds, 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 over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2012 A 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 2012 A Bonds.

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

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

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

The Issuer shall 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 Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting

system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Issuer shall direct.

The Issuer shall file with the Authority, or any other original purchaser of the Series 2012 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 A 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), 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 2012 A Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 2012 A Bonds. Such audit report submitted to the Authority shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Prior to the issuance of the Series 2012 A 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 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Series 2012 A Bonds Reserve Account and the reserve accounts for all obligations secured by a lien on or payable from such Net Revenues, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior 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 Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

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 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to 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 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent 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 and facilities of the System and any services and facilities of the water system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. 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. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2012 A 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.

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

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

(4) FIDELITY BONDS will be provided as to every officer, 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.

(5) 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.

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

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

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2012 A Bonds are outstanding.

The Issuer has obtained all permits required by state and federal laws for the undertaking of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the undertaking of the Project and the operation of the System and all approvals for issuance of the Series 2012 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect.

Section 7.18. [RESERVED].

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A 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 2012 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior 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.

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.21. Securities Laws Compliance. The Issuer shall 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 2012 A Bonds or immediately thereafter, enter into a contract with the Consulting Engineer for the immediate undertaking of the Project.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving

effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2012 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to the 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 2012 A Bonds as a condition to issuance of the Series 2012 A 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 2012 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 A 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 from which the proceeds of the Series 2012 A 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, 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.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2012 A 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 2012 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, or Paying Agent, or any other Paying Agent or a Holder of a Bond; or

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

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

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 2012 A Bonds shall be on a parity with the holders of the Prior 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 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 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 do.

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

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

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

ARTICLE X

PAYMENT AND DEFEASANCE OF BONDS

Section 10.01. Defeasance of Series 2012 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2012 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2012 A 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 on the Series 2012 A Bonds from gross income for federal income tax purposes.

Series 2012 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2012 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2012 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2012 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 A 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 2012 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 excludability of interest, if any, on the Series 2012 A 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 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 2012 A 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; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Bond Legislation and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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.

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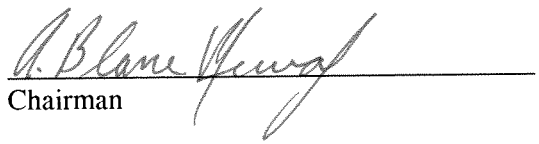
Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 10th day of December, 2012.



Chairman

306370.00007

5820685

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of FRANKFORT PUBLIC SERVICE DISTRICT on the 10th day of December, 2012.

Dated: December 18, 2012.

[SEAL]

Secretary

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE 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 December 10, 2012 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING 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 NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority) (the "Series 2012 A Bonds"), in the principal amount not to exceed $800,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2012 A Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale prices and other terms of the Series 2012 A Bonds should be established by a supplemental resolution pertaining to the Series 2012 A Bonds; and that other matters relating to the Series 2012 A Bonds be herein provided for;

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

WHEREAS, the Series 2012 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates, the sale price and other terms of the Series 2012 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2012 A 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: Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, number AR-1, in the principal amount of $800,000. The Series 2012 A Bonds shall be dated the date of delivery thereof, and shall finally mature January 1, 2033. Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on April 1, 2013. Commencing January 1, 2015, interest accrues at the rate of 3.0% per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable January 1, March 1, July 1 and October 1 commencing April 1, 2015, to and including January 1, 2033, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2012 A Bonds.

Section 2. All other provisions relating to the Series 2012 A Bonds and the text of the Series 2012 A 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 Agreement, including all schedules and exhibits attached thereto, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement 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 Agreement and in the application to the Authority. The price of the Series 2012 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2012 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2012 A 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 Series 2012 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate First People Community Federal Credit Union, Cumberland, Maryland, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2012 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2012 A Bonds Project Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 A Bonds and related costs.

Section 10. 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 Series 2012 A Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2012 A Bonds may be delivered on or about December 18, 2012, to the Authority pursuant to the Loan Agreement.

Section 11. The Project and the financing thereof, in part with proceeds of the Series 2012 A Bonds, is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby approves and accepts the Contract between the Issuer and Consulting Engineers for the preconstruction engineering services for the Project. The Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 10th day of December, 2012.

FRANKFORT PUBLIC SERVICE DISTRICT

By: _____
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Frankfort Public Service District on this 10th day of December, 2012.

Dated: December 18, 2012.

[SEAL]

Secretary

306370.00007

WDA-SF (Design)
(09/12)

LOAN AGREEMENT

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

FRANKFORT PUBLIC SERVICE DISTRICT (2004SD-791b)
(Governmental Agency)

W I T N E S S E T H:

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

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State of West Virginia (the "State") to design, acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to finance the cost of the design, 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 design and subsequently construct such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Loan with attachments and exhibits and an Amended Application for a 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 Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the water development project hereinabove referred to, to be designed, constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency 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 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times

be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

2.4 The Governmental Agency shall keep complete and accurate records of the cost of the Project site and the costs of the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the 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.

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

2.6 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.

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

2.8 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Authority shall have received a certificate of the Consulting Engineers, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

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

(g) The 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 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;

(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 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, to such effect; and

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited shall be sufficient to pay the costs of the Project.

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and

conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient 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. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

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 Authority:

(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, as reflected on the Schedule X attached hereto, and beginning four (4) months prior to the first date of payment of interest on the Local Bonds and four (4) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-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

or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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 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, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the 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; 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, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its 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 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, 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 Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the design 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, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall 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;

(xvii) That, if required by the Authority, the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds;

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

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

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

(xxi) 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;

(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, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

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

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

(xxv) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia.

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

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

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

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

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

4.6 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority.

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 any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the 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.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, 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.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to

sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

FRANKFORT PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: December 18, 2012

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: December 18, 2012

Attest:

_____
Its: Authorized Officer

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 design of certain additions, betterments, improvements and extensions (the "Project") to the existing wastewater treatment system (the "System") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated _____.

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be completed by my firm and approved by DEP; (ii) the wastewater system of the Issuer which will be designed as a result of the Project will be adequate for the purpose for which it will be designed and, when constructed, will have an estimated useful life of at least forty (40) years; (iii) prior to construction, my firm will assist the Issuer in obtaining all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (iv) 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 Agreement; (v) 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 the Project

set forth in the Schedule B attached hereto and approved by the Authority; and (vi) 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. _____

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of 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 January 1, April 1, July 1 and October 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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to 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, 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.

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,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the 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 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

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	$800,000
Purchase Price of Local Bonds	$800,000

The Local Bonds bear interest at a rate of 3% per annum on the amounts advanced thereunder for the first 24 months. Interest on the Local Bonds is payable quarterly (in arrears) commencing April 1, 2013. Commencing January 1, 2015, the Local Bonds shall bear interest at the rate of 3% per annum and principal and interest payments on the Local Bonds are payable quarterly commencing April 1, 2015. Quarterly payments will be made on January 1, April 1, July 1 and October 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission 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 with 30 days written notice to the Authority. The Governmental Agency shall request approval from the Authority 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:

(i) Frankfort Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000;

(ii) Frankfort Public Service District Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459;

(iii) Frankfort Public Service District Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751; and

(iv) Frankfort Public Service District Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900.

NOTE: Design loan, no new customers being added with bond proceeds.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bond Debt Service
Frankfort PSD
WDA Design Loan
$800,000
3% Interest Rate
20 Years

Dated Date	12/18/2012
Delivery Date	12/18/2012

Period Ending	Principal	Coupon	Interest	Debt Service
4/1/2015	8,420	3.000%	6,000.00	14,420.00
7/1/2015	8,484	3.000%	5,936.85	14,420.85
10/1/2015	8,547	3.000%	5,873.22	14,420.22
1/1/2016	8,611	3.000%	5,809.12	14,420.12
4/1/2016	8,676	3.000%	5,744.54	14,420.54
7/1/2016	8,741	3.000%	5,679.47	14,420.47
10/1/2016	8,806	3.000%	5,613.91	14,419.91
1/1/2017	8,873	3.000%	5,547.86	14,420.86
4/1/2017	8,939	3.000%	5,481.32	14,420.32
7/1/2017	9,006	3.000%	5,414.27	14,420.27
10/1/2017	9,074	3.000%	5,346.73	14,420.73
1/1/2018	9,142	3.000%	5,278.67	14,420.67
4/1/2018	9,210	3.000%	5,210.11	14,420.11
7/1/2018	9,279	3.000%	5,141.03	14,420.03
10/1/2018	9,349	3.000%	5,071.44	14,420.44
1/1/2019	9,419	3.000%	5,001.32	14,420.32
4/1/2019	9,490	3.000%	4,930.68	14,420.68
7/1/2019	9,561	3.000%	4,859.51	14,420.51
10/1/2019	9,633	3.000%	4,787.80	14,420.80
1/1/2020	9,705	3.000%	4,715.55	14,420.55
4/1/2020	9,778	3.000%	4,642.76	14,420.76
7/1/2020	9,851	3.000%	4,569.43	14,420.43
10/1/2020	9,925	3.000%	4,495.55	14,420.55
1/1/2021	9,999	3.000%	4,421.11	14,420.11
4/1/2021	10,074	3.000%	4,346.12	14,420.12
7/1/2021	10,150	3.000%	4,270.56	14,420.56
10/1/2021	10,226	3.000%	4,194.44	14,420.44
1/1/2022	10,303	3.000%	4,117.74	14,420.74
4/1/2022	10,380	3.000%	4,040.47	14,420.47
7/1/2022	10,458	3.000%	3,962.62	14,420.62
10/1/2022	10,536	3.000%	3,884.18	14,420.18
1/1/2023	10,615	3.000%	3,805.16	14,420.16
4/1/2023	10,695	3.000%	3,725.55	14,420.55
7/1/2023	10,775	3.000%	3,645.34	14,420.34
10/1/2023	10,856	3.000%	3,564.53	14,420.53
1/1/2024	10,937	3.000%	3,483.11	14,420.11
4/1/2024	11,019	3.000%	3,401.08	14,420.08
7/1/2024	11,102	3.000%	3,318.44	14,420.44
10/1/2024	11,185	3.000%	3,235.17	14,420.17
1/1/2025	11,269	3.000%	3,151.28	14,420.28
4/1/2025	11,354	3.000%	3,066.77	14,420.77
7/1/2025	11,439	3.000%	2,981.61	14,420.61
10/1/2025	11,525	3.000%	2,895.82	14,420.82

Bond Debt Service

Frankfort PSD

WDA Design Loan

$800,000

3% Interest Rate

20 Years

Period Ending	Principal	Coupon	Interest	Debt Service
1/1/2026	11,611	3.000%	2,809.38	14,420.38
4/1/2026	11,698	3.000%	2,722.30	14,420.30
7/1/2026	11,786	3.000%	2,634.56	14,420.56
10/1/2026	11,874	3.000%	2,546.17	14,420.17
1/1/2027	11,963	3.000%	2,457.11	14,420.11
4/1/2027	12,053	3.000%	2,367.39	14,420.39
7/1/2027	12,143	3.000%	2,276.99	14,419.99
10/1/2027	12,234	3.000%	2,185.92	14,419.92
1/1/2028	12,326	3.000%	2,094.17	14,420.17
4/1/2028	12,419	3.000%	2,001.72	14,420.72
7/1/2028	12,512	3.000%	1,908.58	14,420.58
10/1/2028	12,606	3.000%	1,814.74	14,420.74
1/1/2029	12,700	3.000%	1,720.19	14,420.19
4/1/2029	12,795	3.000%	1,624.94	14,419.94
7/1/2029	12,891	3.000%	1,528.98	14,419.98
10/1/2029	12,988	3.000%	1,432.30	14,420.30
1/1/2030	13,086	3.000%	1,334.89	14,420.89
4/1/2030	13,184	3.000%	1,236.74	14,420.74
7/1/2030	13,283	3.000%	1,137.86	14,420.86
10/1/2030	13,382	3.000%	1,038.24	14,420.24
1/1/2031	13,483	3.000%	937.88	14,420.88
4/1/2031	13,584	3.000%	836.75	14,420.75
7/1/2031	13,686	3.000%	734.87	14,420.87
10/1/2031	13,788	3.000%	632.23	14,420.23
1/1/2032	13,892	3.000%	528.82	14,420.82
4/1/2032	13,996	3.000%	424.63	14,420.63
7/1/2032	14,101	3.000%	319.66	14,420.66
10/1/2032	14,207	3.000%	213.90	14,420.90
1/1/2033	14,313	3.000%	107.35	14,420.35
	800,000		238,271.50	1,038,271.50

SCHEDULE Z

None.

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 20th day of April 2012.

CASE NO. 11-1803-PSD-PC

FRANKFORT PUBLIC SERVICE DISTRICT
a public utility, Wiley Ford, Mineral County
Petition for consent and approval to accept a design loan
and for approval of an engineering agreement.

COMMISSION CORRECTIVE ORDER

The Commission corrects the design loan references in its March 23, 2012 Order.

DISCUSSION

It has come to the attention of the Commission that its March 23, 2012 Order issued in this case, incorrectly referenced a design loan as issued by the West Virginia Infrastructure and Jobs Development Council (WVIJDC) when the correct issuer is the West Virginia Water Development Authority (WDA). This Order corrects the references.

FINDING OF FACT

The March 23, 2012 Commission Order referred to a design loan commitment and a design loan as a WVIJDC design loan instead of as a WDA design loan.

CONCLUSION OF LAW

The Commission will correct the commitment and loan references.

ORDER

IT IS THEREFORE ORDERED that the reference in the March 23, 2012 Order to a WVIJDC commitment to provide a design loan is corrected to reference a WDA commitment to provide a design loan.

IT IS FURTHER ORDERED that all references to a WVIJDC design loan in the March 23, 2012 Order are corrected to reference a WDA design loan.

IT IS FURTHER ORDERED that the second and third ordering paragraphs of the March 23, 2011 Order are corrected to read,

> IT IS FURTHER ORDERED that the Commission conditionally consents to Frankfort PSD entering into the WDA design loan in the amount of $800,000 for a term of twenty years with repayment of interest only for the first two years at an interest rate of three percent, and payments of both principal and interest, still at three percent, for years three through twenty.
>
> IT IS FURTHER ORERED that the Commission's consent to both the engineering agreement and WDA design loan are conditioned on receipt of the $500,000 grant funds committed by the Mineral County Commission. Frankfort PSD may not proceed to closing on the design loan or consummate the engineering contract unless it has a firm commitment from the Mineral County Commission and all necessary actions have been concluded and all necessary approvals have been received for the grant and transfer of $500,000 from available Tax Increment Financing balances to the Frankfort PSD.

IT IS FURTHER ORDERED that as corrected by this Order, the March 23, 2012 Commission Order remains in full force and effect.

IT IS FURTHER ORDERED that on entry of this Order, this matter is removed from the Commission docket of active cases.

IT IS FURTHER ORDERED that the Commission Executive Secretary serve a copy of this Order on all parties of record that have filed an e-service agreement, or by United States First Class Mail on parties that have not provided the Commission with an e-mail address, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire
Sandra Squire
Executive Secretary

JML/tt
111803cb

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 23rd day of March 2012.

CASE NO. 11-1803-PSD-PC

FRANKFORT PUBLIC SERVICE DISTRICT
a public utility, Wiley Ford, Mineral County
Petition for consent and approval to accept a design loan
and for approval of an engineering agreement.

COMMISSION ORDER

The Commission consents to a revised engineering agreement and the associated design loan.

Background

On December 29, 2011, Frankfort Public Service District (Frankfort PSD) filed a petition for consent and approval of both a design loan and revisions to an engineering agreement with Rummel, Klepper & Khal, LLP (RK&K) Engineers for services pertaining to a future certificate application for a project known as Phase II of the Northern Mineral County Regional Sewer System project (Project). The Commission approved the original engineering agreement in Case No. 03-1632-PSD-PC, Recommended Decision final on January 25, 2004, and approved revisions to the agreement by Commission Order issued December 16, 2005. The design loan would be issued by the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of $800,000 for a term of twenty years with repayment of interest only for the first two years at an interest rate of three percent, and payments of both principal and interest, still at three percent, for years three through twenty. The design loan would be repaid in full upon receipt of permanent Project financing. Frankfort PSD stated that it did not anticipate a rate increase as a result of the loan and attached a letter from its accountant dated December 12, 2011, stating that its anticipated revenues for the year in which the debt is to be incurred, and the following year, will be sufficient to meet debt service requirements.

On January 3, 2012, Frankfort PSD filed a copy of a letter from the WVIJDC committing to provide the design loan. On January 17, 2012, Frankfort PSD filed a resolution adopted by the County Commission of Mineral County relating to Phase II of the Project and Tax Increment Financing in an amount not to exceed $500,000.

On January 23, 2012, Commission Staff filed an Initial and Final Joint Staff Memorandum. Engineering Staff reviewed the engineering agreement from a technical standpoint and concluded that the scope of work was reasonable and that the 6.35 percent of engineering fees to construction costs was reasonable. Engineering Staff recommended that from a technical engineering aspect the Commission could approve the engineering agreement. Utilities Staff objected to the agreement based on the rate implications and debt service costs of the proposed design loan. Utilities Staff stated that the annual debt service on the proposed design loan would represent a significant risk of financial burden to ratepayers if the Project does not receive final approval and permanent financing. Utilities Staff recommended that the Commission deny approval of the engineering agreement and the design loan. Legal Staff stated that it could not recommend approval of either the engineering agreement or the design loan based on the Utilities Staff objection.

Staff stated that the total estimated Project costs are $18,338,000, and the proposed Project financing includes 1) a Clean Water State Revolving Fund (CWSRF) loan in the amount of $14,470,00 at 0.5 percent for forty years; 2) a forgivable CWSRF loan in the amount of $1,000,000; 3) a Mineral County Commission grant in the amount of $500,000; 4) a Senate Bill 245 grant in the amount of $2,368,000; and 5) the WVIJDC design loan in the amount of $800,000. RK&K has agreed to defer $69,000, or approximately six percent, of its engineering design fees until final Project funding is received.

During the design stage, a total of $1,369,000 (comprised of the WVIJDC design loan, the $500,000 grant and the deferred engineering fees) will be used as follows:

Engineering Design -	$1,169,000
Acquisitions –	20,000
Easements -	50,000
Legal fees –	39,500
Misc. (SHPO study, etc.) –	75,000
Registrar fees –	500
Bond counsel –	10,000
PSC Counsel –	5,000
	$1,369,000

If the Project does not go forward, Staff estimated that the debt service on the design loan would equal to 16.6 percent of the Frankfort PSD revenue for the year ended June 30, 2011. Considering the rate increase granted to the Frankfort PSD in August 2011, the debt service on the design loan would represent 5.8 percent of projected annual revenue.

Utilities Staff noted that the Commission has declined to approve an engineering agreement and design loan when a loan would impose one hundred percent of design

costs on ratepayers if the project did not go forward. Citing Mineral Wells Pub. Serv. Dist., Case No. 09-1247-PSD-PC, Comm'n Order May 12, 2010. The Commission has approved a design loan and engineering agreement that deferred thirty percent of design fees if the Project did not receive final approval and the debt service on the design loan represented less than one percent of utility revenue and where no immediate rate increase was needed. Adrian Pub. Serv. Dist., Case No. 10-1046-PWD-PC, Comm'n Order September 10, 2010. The Commission has approved a design loan and engineering agreement when ratepayers would bear the risk of a $2,000 cost increase and no immediate rate increase was necessary. Big Bend Pub. Ser. Dist., Case No. 11-1144-PWD-PC, Comm'n Order December 1, 2011. The Commission has permitted a utility to enter into an engineering agreement and pay fees of $26,875 for the study and report phase only, when the fees could be paid from existing unencumbered funds, with the requirement that the utility file for approval of any subsequent phases. Oakvale Road Pub. Serv. Dist., Case No. 11-1362-PSD-PC, Comm'n Order October 20, 2011.

In the instant case, Utilities Staff noted that while ratepayers will not bear the risk of the portion of the design costs that will be paid by the $500,000 grant and the $69,000 (approximately six percent) deferral of engineering fees, they would bear the risk of loan repayment debt service representing 5.8 percent of Frankfort PSD's current projected annual revenue.

By Order issued January 27, 2012, the Commission treated the Staff memorandum as an objection and noted the extended statutory deadline of April 28, 2012, for consideration of this matter. The Commission required Frankfort PSD to respond to the Staff objection within twenty days.

Frankfort PSD Response to Staff Objection

On February 16, 2012, Frankfort PSD filed its response. Frankfort PSD stated that the Utilities Staff's calculation that annual debt service would represent 16.6 percent of Frankfort PSD's projected revenue in fiscal year 2011 was meaningless because its current annualized level of revenue was much higher due to an August 2011 rate increase.

Frankfort PSD also stated that Staff mischaracterized the Commission Order issued September 10, 2010, in Adrian Public Service District, Case No. 10-1046-PWD-PC, as an indication that there is a significant risk of financial burden on ratepayers any time annual debt service obligations of a design loan will be greater than one percent of annual revenue. Frankfort PSD argued that although the Commission concluded in Adrian that annual debt service obligations of less than one percent of annual revenue did not represent a significant risk of financial burden, the Commission did not establish that one percent of annual revenue should be a bright-line test. Adrian, at 3-5.

Frankfort PSD argued that the design loan and engineering agreement at issue in the instant case meet the test established in Adrian because the engineer will share in the

risk of the Project not moving forward by deferring a significant portion of its design fees and by performing the final design ahead of loan approval. The Mineral County Commission will also share the risk because it has committed $500,000 to the Project. Frankfort PSD argued that the risk to ratepayers is minimal because of the favorable terms of the design loan. Monthly debt service will be $2,000 for the first two years, and $4,436 for years three through twenty. Furthermore, Frankfort PSD anticipates paying the WDA design loan in full on receipt of permanent Project financing. In addition, Frankfort PSD pointed out that its acceptance of the design loan will not require an immediate rate increase. Finally, Frankfort PSD asserted that it is important that the Project move forward because it will serve an additional eight-hundred customers, and to avoid the loss of favorable funding. Frankfort PSD attached a letter from the WV DEP encouraging Frankfort PSD to move forward.

Additional Filings

On March 6, 2012, Staff filed a Further Joint Staff Memorandum stating that Staff continued to recommend that the Commission deny design loan approval because repayment of the loan represents a significant risk of financial burden to ratepayers,

On March 7, 2012, Frankfort PSD filed a copy of a letter dated March 6, 2012, from Michael C. Bland, County Coordinator of the Mineral County Commission, confirming that the County Commission allocated $500,000 in Tax Increment Financing funding to pay a portion of the design costs for the Project. The letter stated that the Tax Increment Financing funding will be in the form of a grant and no repayment will be required.

DISCUSSION

The total engineering design fees for the Project are anticipated to be $1,169,000, and total design costs are projected to be $1,369,000. As proposed by Frankfort PSD, if the Project is not certificated and funded, the financial risk associated with the total estimated design costs of $1,369,000 are shared by the various stakeholders. Sharing will occur in the form of a County Commission grant of $500,000 and the deferral of a portion of the fees beyond the amount of the design loan by RK&K in the amount of $69,000.

The Commission concludes that the sharing of the design phase costs in this petition satisfies the policy expressed in Adrian Public Service District, Case No. 10-1046-PWD-PC, Comm'n Order September 10, 2010. Namely, that "a public service district, and its customers, should not absorb all of the financial risk arising from a failed design project that is not subsequently constructed because the utility could not obtain funding, project approval or because the project is not otherwise "convenient and necessary." Adrian at 3. The Commission stated in Adrian that it might, on a case by case basis, approve an engineering agreement and the associated design loan that includes a sharing of the risk, does not represent a significant risk of financial burden to ratepayers

and does not require an immediate rate increase. Id. at 3-4. Those elements are satisfied in this filing and therefore this case is distinguishable from the proposal in Mineral Wells Pub. Serv. Dist., Case No. 09-1247-PSD-PC, Comm'n Order May 12, 2010, which did not present any sharing of the financial burden of design costs among stakeholders. Although the engineering firm is agreeing to defer a much smaller portion of the design fees than was the case in other proceedings cited by Staff, the sharing of the potential risk that the Commission requires is, in this case, provided by the Mineral County Commission. The Mineral County Commission has pledged $500,000 to move the Phase II design forward. This represents forty-three percent of the proposed engineering design fees and thirty-seven percent of the total projected engineering design fees and related activities necessary to move the Project forward so that the Frankfort PSD may seek final approvals.

The terms and conditions of the engineering agreement and the WVIJDC loan are reasonable, do not give one party an undue advantage over the other and will not adversely affect the public in this State. In reviewing this filing, the Commission is mindful of its duty to balance its mandate to provide for the availability of adequate utility services against its duty to ensure quality utility services at reasonable rates. While the potential rate impact of loan approval if the Project does not ultimately go forward is not de minimis as the Commission found would be the worst case in Adrian, the sharing of the design cost risk as presented in this filing is reasonable, and the Commission concludes that the public interest requires continued progress on the Project which, when certificated and constructed, will serve eight-hundred additional customers and address environmental requirements imposed by the Chesapeake Bay Initiative.

FINDINGS OF FACT

1. Frankfort PSD seeks Commission consent for a revised engineering agreement with RK&K to design Phase II of the Northern Mineral County Regional Sewer System project to serve eight-hundred new customers in Mineral County and address environmental requirements imposed by the Chesapeake Bay Initiative.

2. Frankfort PSD also requested consent for a WVIJDC design loan in the amount of $800,000 for a term of twenty years with repayment of interest only for the first two years at an interest rate of three percent, and payments of both principal and interest, still at three percent, for years three through twenty.

3. Projected loan payments for the WVIJDC loan do not require a rate increase at this time.

4. RK&K will defer a portion of the design costs and the Mineral County Commission has committed $500,000 in Tax Increment Financing to the design costs.

5. Staff determined that the Project is technically feasible, but recommended that the Commission reject the request to approve the design loan.

CONCLUSIONS OF LAW

1. The engineering agreement and design loan should be approved because the Mineral County Commission and the engineering firm will share in the financial risk associated with total design costs, and because debt service on the design loan will have no immediate rate impact.

2. It is reasonable to consent to the revised engineering agreement between Frankfort PSD and RK&K, as well as the WVIJDC design loan because the terms of the agreements are reasonable, do not give one party an undue advantage over the other and the transactions will not adversely affect the public in this State. W. Va. Code §§ 16-13A-25 and 24-2-12.

ORDER

IT IS THEREFORE ORDERED that the Commission conditionally consents to the engineering agreement submitted on December 29, 2011, between Frankfort PSD and RK&K for Phase II of the Northern Mineral County Regional Sewer System project. Commission consent to this agreement, however, does not approve the specific terms of the agreement or approve the underlying Project.

IT IS FURTHER ORDERED that the Commission conditionally consents to Frankfort PSD entering into the WVIJC design loan in the amount of $800,000 for a term of twenty years with repayment of interest only for the first two years at an interest rate of three percent, and payments of both principal and interest, still at three percent, for years three through twenty.

IT IS FURTHER ORERED that the Commission's consent to both the engineering agreement and WVIJDC design loan are conditioned on receipt of the $500,000 grant funds committed by the Mineral County Commission. Frankfort PSD may not proceed to closing on the design loan or consummate the engineering contract unless it has a firm commitment from the Mineral County Commission and all necessary actions have been concluded and all necessary approvals have been received for the grant and transfer of $500,000 from available Tax Increment Financing balances to the Frankfort PSD.

IT IS FURTHER ORDERED that on entry of this Order, this matter is removed from the Commission docket of active cases.

IT IS FURTHER ORDERED that the Commission Executive Secretary serve a copy of this Order on all parties of record that have filed an e-service agreement, or by United States First Class Mail on parties that have not provided the Commission with an e-mail address, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire
Sandra Squire
Executive Secretary

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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 8th day of February, 2010.

CASE NO. 08-2005-PSD-CN (REOPENED)

FRANKFORT PUBLIC SERVICE DISTRICT,
a public utility, Keyser, Mineral County.

Application for a certificate of convenience and necessity to construct a sewage treatment system to serve portions of northern Mineral County including the communities of Fort Ashby, Patterson Creek, Lakewood, and Plum Run Road.

COMMISSION ORDER

The Commission reopens this matter, approves revised financing and grants additional rates.

BACKGROUND

On November 20, 2008, Frankfort Public Service District ("Frankfort") applied for a certificate of convenience and necessity ("Certificate") to construct a sewage treatment system to serve portions of northern Mineral County in the vicinity of Fort Ashby. The project includes construction of three new interceptors and a treatment plant capable of processing 0.6 million gallons of wastewater per day ("MGD"). The West Virginia Infrastructure and Jobs Development Council ("IJDC") has approved the application. See, Application and January 15, 2009 filing. Frankfort also serves a separate group of customers in the Wiley Ford area of Mineral County that are unaffected by the proposed construction project. June 11, 2009 Exceptions.

Frankfort anticipated a project cost of $18,221,000 and planned to finance construction with $9,249,751 in funding from the American Recovery and Reinvestment Act of 2009 ("Stimulus"), an Economic Development Act ("EDA") grant of $1,500,000, a $933,500 grant from the U.S. Environmental Protection Agency ("EPA") and either an IJDC loan of $5,532,800 along with $1,004,949 in tax increment financing ("TIF") or alternatively an IJDC loan of $4,085,000 and TIF of $2,452,749. Frankfort requested that the Commission approve an across the board rate increase of approximately 10.1% along with a rate increase of 115.2% for project customers on completion. Id.

On February 14, 2009, Frankfort published a revised notice of its proposal, including a rate increase, in a newspaper of general circulation in Mineral County. February 27, 2009 Affidavit of Publication. It also certified that it sent notice of a sewer rate increase to all customers. See, May 14, 2009 filing.

On May 26, 2009, Staff filed a memorandum recommending that the Commission approve the Certificate and increased rates for both Fort Ashby and Wiley Ford customers. Staff divided its rate proposal into an across-the-board increase for all sewer customers of approximately 10.1% and a further rate increase for all sewer customers of 114.5% on project completion. Staff also recommended that the Commission approve project financing and require approval for any changes to the project plans, scope or financing that affected rates.

Staff subsequently revised its rate recommendation and suggested that the Commission approve a tariff similar to one Frankfort proposed, but recommended a rate increase on completion of construction of 117% on customers in the Fort Ashby area. July 2, 2009 Staff Memorandum.

The Commission approved the Certificate application to extend sewer service in Mineral County and proposed project funding, including $9,249,751 of Stimulus funding. The Commission directed Frankfort to obtain Commission approval before commencing construction if the scope, plans or financing for the project changed. July 14, 2009 Commission Order.

On October 23, 2009, Frankfort requested that the Commission reopen this matter to revise the project funding package approved in the July 14, 2009 Commission Order because Frankfort did not obtain the anticipated Stimulus funding. The revised funding package includes an IJDC grant of $2,000,000, an IJDC loan of $7,249,751, a US EPA grant of $933,500, a US EDA grant of $1,500,000 and TIF funding of $6,537,749. Frankfort also requested additional rates to meet the increased loan service associated with the proposed funding revisions. Specifically, Frankfort proposed three separate rates including existing rates applicable to its Wiley Ford customers, retaining post-construction rates approved by the Commission in its July 14, 2009 Order for existing Fort Ashby area customers and the rate published by Frankfort in the February 14, 2009 public notice for new service areas connected by this project. Frankfort also noted that the rates it published in the February 14, 2009 public notice did not generate any public protest.

On December 15, 2009, Staff filed a memorandum recommending that the Commission approve the revised funding package Frankfort requested. Staff also recommended increased rates due to the financing changes, but suggested that the Commission adopt one post-construction rate for all Fort-Ashby area customers, instead of separate rates for new and existing customers in that service area. Staff recommended no additional rates for former Wiley Ford customers. The Staff rate recommendation will

provide an additional 9.89% beyond the post-construction rates approved in the July 14, 2009 Commission Order.

On January 29, 2010, Frankfort filed a bid tabulation and urged the Commission to approve its reopening request.

DISCUSSION

In light of the failed bid by Frankfort to obtain Stimulus funding, it is reasonable to approve its request to reopen this matter and adjust the funding package. The Commission will approve the proposed revision to replace Stimulus funding with an increased IJDC loan of $7,249,751 on terms identical to those approved in the July 14, 2009 Commission Order and increased TIF funding of $6,537,749. W.Va. Code §16-13A-24, 25.

The Commission also approves the revised post-project rates Frankfort requested for new customers as more fully set forth in Attachment A to this Order. The rates set forth in Attachment A of this Order are granted in lieu of the post-project rates approved as Attachment B to the July 14, 2009 Commission Order. The Commission notes that it directed Frankfort to file for a rate review one year after completion of construction, a provision Frankfort reiterated in its reopening request. The Commission takes that directive seriously and in light of that mandate, concludes that three separate rates are a reasonable temporary rate design. The Commission fully expects to replace that rate design with unified rates after the rate review. The Commission will also replace portions of the new schedule of the tariff Frankfort proposed with comparable provisions approved for existing customers in the Fort Ashby area.

The filing notice published by Frankfort on February 14, 2009, notified the public of rates that the Commission has approved for new Fort Ashby customers by this Order. Therefore, the Commission concludes that further publication is unnecessary in this matter. The remainder of the July 14, 2009 Commission Order remains in full force and effect.

FINDINGS OF FACT

1. Frankfort requested that the Commission reopen this matter to approve a revised funding package increasing the amount of its IJDC loan and increased TIF funding. Frankfort also requested increased rates to offset the increased loan service associated with its revisions. October 23, 2009 Request to Reopen.

2. Frankfort previously published notice of the rates proposed in this matter once in a qualified newspaper in Mineral County advising the public of the filing and a thirty-day protest period. It also provided notice of a rate increase to customers individually through its billing. February 27, 2009 Affidavit of Publication and May 14, 2009 filing.

3. No one has protested the proposed project in response to the notice Frankfort provided. See, Case file generally.

4. Staff recommended that the Commission reopen this matter to approve the financing changes Frankfort requested. Staff also recommended additional post-project rates for all Frankfort customers in the Fort Ashby area generating approximately 9.89% beyond those approved by the Commission in its July 14, 2009 Commission Order. December 15, 2009 Staff Memorandum.

CONCLUSIONS OF LAW

1. Public convenience and necessity continue to require the proposed project as described in the application. W.Va. Code §24-2-11.

2. The revised financing for the project is reasonable and should be approved.

3. If the scope, plans or financing for the project change further, Frankfort must obtain prior Commission approval before commencing construction. Changes in project costs do not require separate approval if those changes do not affect rates and Frankfort submits an affidavit from a certified public accountant attesting to this effect.

4. The revised rates Frankfort proposed for new Fort Ashby area customers reflected in Attachment A are necessary and sufficient to provide Frankfort a positive cash flow.

ORDER

IT IS THEREFORE ORDERED that this matter is reopened.

IT IS FURTHER ORDERED that the Commission approves the revised funding package including an EDA grant of $1,500,000, an EPA grant of $933,500, an IJDC grant of $2,000,000, an IJDC loan of up to $7,249,751 at 0% interest for 38 years and TIF of up to $6,537,749 in lieu of the original funding package.

IT IS FURTHER ORDERED that if the scope, plans or financing for the project change, Frankfort must obtain prior Commission approval before commencing construction. Changes in project cost do not require separate approval if those changes do not affect rates and Frankfort submits an affidavit from a certified public accountant attesting to that effect.

IT IS FURTHER ORDERED that the additional rate increase Frankfort proposed is approved for new Fort Ashby area customers for service rendered after project completion. The full changes appear in the tariff sheets attached as Attachment A to this Order. The rates set forth in Attachment A of this Order are granted in lieu of the post-project rates approved as Attachment B to the July 14, 2009 Commission Order.

IT IS FURTHER ORDERED that within thirty days after project completion, Frankfort shall file an original and six copies of a revised tariff setting forth the final rates and charges reflected in Attachment A to this Order.

IT IS FURTHER ORDERED that further hearing or notice in this matter is waived.

IT IS FURTHER ORDERED that the remaining terms of the July 14, 2009 Commission Order, including the provision regarding rate review, are unaffected and remain in full force and effect.

IT IS FURTHER ORDERED that on entry of this Order, this case shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this Order on all parties of record by United States Mail, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

MJM/ldd
082005cd.wpd

FRANKFORT PUBLIC SERVICE DISTRICT - Sewer
CASE NO. 08-2005-PSD-CN
APPROVED POST-CONSTRUCTION TARIFF
(Schedule 1)

APPLICABILITY

Applicable within the Wiley Ford territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (customers with metered water supply)

First	3,000 gallons of water used per month	$8.68 per 1,000 gallons
All Over	3,000 gallons of water used per month	$7.91 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $26.04 which is the equivalent of 3,000 gallons of usage.

FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $37.90 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current amounts not paid in full when due, ten percent 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.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Wiley Ford Water Company, or in the event the delinquent sewer bill is collected by the water company, no disconnection or administrative fee is required.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Wiley Ford Water Company, is reconnected, a reconnection fee of $35.00 shall be charged.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $50 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $300 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

$5.64 per 1,000 gallons is 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 shall be applied to all such consumption above the customer's historical average usage.

FRANKFORT PUBLIC SERVICE DISTRICT-SEWER
CASE NO 08-2005-PSD-CN
APPROVED POST-CONSTRUCTION TARIFF
(Schedule 2)

APPLICABILITY

Applicable within the territory previously served by Fort Ashby.

AVAILABILITY

Available for general domestic, commercial and industrial service.

(I) RATES

First 3,000 gallons used per month	$12.04 per 1,000 gallons
Next 3,000 gallons used per month	$ 9.63 per 1,000 gallons
Next 4,000 gallons used per month	$ 8.67 per 1,000 gallons
Next 10,000 gallons used per month	$ 6.28 per 1,000 gallons
All Over 20,000 gallons of water used per month	$ 4.83 per 1,000 gallons

(I) MINIMUM CHARGE

No bill will be rendered for less than $36.12 per month, which is the equivalent of 3,000 gallons of usage with a 5/8 inch meter.

(N) FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $50.57 per month.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Frankfort Public Service District Water Division a disconnection fee of $10.00 shall be charged: or in the event the delinquent sewer bill is collected by the Frankfort Public Service District Water Division, an administrative fee of $10.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the Frankfort Public Service District Water Division, is reconnected, a reconnection fee of $10.00 shall be charged.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current amounts not paid in full when due, ten percent 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.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(I) LEAK ADJUSTMENT

$ 3.36 per 1,000 gallons is 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 shall be applied to all such consumption above the customer's historical average usage.

(I) Indicates Increase
(N) Indicates New

FRANKFORT PUBLIC SERVICE DISTRICT - Sewer
CASE NO. 08-2005-PSD-CN
APPROVED POST-CONSTRUCTION TARIFF
(Schedule 3)

(N) APPLICABILITY

Applicable to new service areas developed through construction of the Regional Sewer Project.

(N) AVAILABILITY

Available for general, commercial and industrial service.

(N) METERED RATES

First 2,000 gallons Used Per Month	$ 14.00 per 1,000 gallons
Above 2,000 gallons Used Per Month	$ 10.00 per 1,000 gallons

(N) MINIMUM CHARGE

No bill shall be rendered for less than the following amount:
$28.00

(N) FLAT RATE CHARGE (customers with unmetered service)

Equivalent of 4,500 gallons of water usage, $53.00 per month.

(N) MASTER METER

Customers having master meters serving multiple residential or commercial units shall be issued a bill equal to the greater of the minimum monthly bill of $28.00 multiplied by the number of individual units or the amount of sewer service to be charged based on metered water usage.

(N) DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Frankfort Public Service District Water Division, a disconnection fee of $10.00 shall be charged; or in the event the delinquent sewer bill is collected by the Frankfort Public Service District Water Division, an administrative fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the Frankfort Public Service District Water Division is reconnected, a reconnection fee of $10.00 shall be charged.

(N) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

(N) SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

(N) DELAYED PAYMENT PENALTY

The above schedule is net. On all current amounts not paid in full when due, ten percent 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.

(N) TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(N) LEAK ADJUSTMENT

$ 3.36 per 1,000 gallons is 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 shall be applied to all such consumption above the customer's historical average usage.

(N) Indicates New

09:38 AM MAY 03 2012 PSC EXEC SEC DIV

P.S.C. W. Va. No. 6
Canceling P.S.C. W. Va. No. 5

FRANKFORT PUBLIC SERVICE DISTRICT, a public utility

OF

WILEY FORD, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

in the Wiley Ford area of Mineral County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued April 10, 2012

Effective for service rendered on and after January 17, 2012
or as otherwise provided herein

Issued by authority of an Order of
The Public Service Commission of West Virginia
in Case No. 08-2005-PSD-CN dated July 14, 2009
and revised on February 8, 2010 or as otherwise
provided herein

Issued by FRANKFORT PUBLIC SERVICE DISTRICT, a public utility

By _____

Chairman
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SCHEDULE I

APPLICABILITY

Applicable within the Wiley Ford territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (customers with metered water supply)

First	3,000 gallons of water used per month	$8.68 per 1,000 gallons
All Over	3,000 gallons of water used per month	$7.91 per 1,000 gallons

(C) MINIMUM CHARGE

No bill will be rendered for less than $26.04 which is the equivalent of 3,000 gallons of usage.

FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $37.90 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current amounts not paid in full when due, ten percent 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.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Wiley Ford Water Company, or in the event the delinquent sewer bill is collected by the water company, no disconnection or administrative fee is required.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Wiley Ford Water Company, is reconnected, a reconnection fee of $35.00 shall be charged.

(C) Indicates change in text

SCHEDULE I, (Continued)

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

(C) A tap fee of $50 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $300 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

$5.64 per 1,000 gallons is 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 shall be applied to all such consumption above the customer's historical average usage.

(C) Indicates change in text

SCHEDULE II

APPLICABILITY

Applicable within the territory previously served by Fort Ashby.

AVAILABILITY

Available for general domestic, commercial and industrial service.

(I) RATES

First	3,000 gallons used per month	$12.04 per 1,000 gallons
Next	3,000 gallons used per month	$ 9.63 per 1,000 gallons
Next	4,000 gallons used per month	$ 8.67 per 1,000 gallons
Next	10,000 gallons used per month	$ 6.28 per 1,000 gallons
All Over	20,000 gallons of water used per month	$ 4.83 per 1,000 gallons

(I) MINIMUM CHARGE

No bill will be rendered for less than $36.12 per month, which is the equivalent of 3,000 gallons of usage with a 5/8 inch meter.

(N) FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $50.57 per month.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Frankfort Public Service District Water Division a disconnection fee of $10.00 shall be charged; or in the event the delinquent sewer bill is collected by the Frankfort Public Service District Water Division, an administrative fee of $10.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the Frankfort Public Service District Water Division, is reconnected, a reconnection fee of $10.00 shall be charged.

(I) Indicates increase
(N) Indicates new

SCHEDULE II (Continued)

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

DELAYED PAYMENT PENALTY

The above schedule is net. On all current amounts not paid in full when due, ten percent 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.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $250.00 will be charged to customers applying for service for each new tap to the system.

(I) LEAK ADJUSTMENT

$3.36 per 1,000 gallons is 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 shall be applied to all such consumption above the customer's historical average usage.

(I) Indicates increase

SCHEDULE III

(N) APPLICABILITY

Applicable to new service areas developed through construction of the Regional Sewer Project.

(N) AVAILABILITY

Available for general, commercial and industrial service.

(N) METERED RATES

First 2,000 gallons Used Per Month	$ 14.00 per 1,000 gallons
Above 2,000 gallons Used Per Month	$ 10.00 per 1,000 gallons

(N) MINIMUM CHARGE

No bill shall be rendered for less than the following amount:
$28.00

(N) FLAT RATE CHARGE (customers with unmetered service)

Equivalent of 4,500 gallons of water usage, $53.00 per month.

(N) MASTER METER

Customers having master meters serving multiple residential or commercial units shall be issued a bill equal to the greater of the minimum monthly bill of $28.00 multiplied by the number of individual units or the amount of sewer service to be charged based on metered
water usage.

(N) Indicates new

SCHEDULE III (Continued)

(N) DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Frankfort Public Service District Water Division, a disconnection fee of $10.00 shall be charged; or in the event the delinquent sewer bill is collected by the Frankfort Public Service District Water Division, an administrative fee of $10.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the Frankfort Public Service District Water Division is reconnected, a reconnection fee of $10.00 shall be charged.

(N) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

(N) SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

(N) DELAYED PAYMENT PENALTY

The above schedule is net. On all current amounts not paid in full when due, ten percent 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.

(N) TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee of $250.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(N) LEAK ADJUSTMENT

$ 3.36 per 1,000 gallons is 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 shall be applied to all such consumption above the customer's historical average usage.

(N) Indicates new

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Executive Assistant

Monday, October 22, 2012

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

Re: Frankfort Public Service District
Project 2012S-1353
Preliminary Application Approved

Dear Mr. Murray:

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

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

Below is grant information for this project:

CWSRF Debt Forgiveness - $2,000,000.00 - Recommended

IJDC Chesapeake Bay Grant - $2,476,720.00 – Recommended – This is an estimation provided by the Sponsor and does not necessarily represent the actual amount of the grant proceeds that may be awarded at a later date in accordance with the WV Code.

Below is loan information for this project:

CWSRF Loan - $13,800,000.00 (0%, .5% Admin Fee, 40 yrs) - Recommended

If you have any questions regarding this matter, please contact James W. Ellars at (304) 414-6501.

Sincerely,

Kenneth Lowe, Jr.

cc: DEP Rep Name, DEP
Michael Bland, Mineral County Commission
David G. Vanscoy, RK&K Engineers
Timothy Paul Michaels, Huber, Michaels & Company

1009 Bullitt Street • Charleston, WV 25301 • Phone (304) 414-6501 • Fax (304) 414-0866

www.wvinfrastructure.com

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2011***

December 29, 2011

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

SEWER PROJECT 2004SD-791b (SEWER DESIGN)

Please be advised that the West Virginia Water Development Authority (the "WDA") is willing to provide design loan assistance in an amount not to exceed $800,000 for a term of 20 years with 3% interest only for the first two years and amortized principal with 3% interest for the remaining 18 years.

At its August 3, 2011 meeting the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") recommended the WDA as the design loan funding source. The WDA agrees to lend the amount requested, subject to the Districts satisfaction of all conditions precedent set forth in the Loan Agreement between the WDA and the District. Conditions which must be met precedent to closing include a nonappealable Final Order from the Public Service Commission of West Virginia approving the borrowing. **This offer is valid for twelve months from the date of this letter.**

CHRIS E. JARRETT – EXECUTIVE DIRECTOR

Email: Jim Ellars, IJDC
Samme Gee, Esq.,
John Stump, Esq.
Michael Bland

180 Association Drive, Charleston, WV 25311-1217
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

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Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

August 5, 2011

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

Re: Frankfort Public Service District
Sewer Project 2004SD-791b (Sewer Design)

Dear Mr. Murray:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) has reviewed the Frankfort Public Service District's (District) preliminary design application for approval and funding for Phase II of the Northern Mineral County Regional Sewer System (Project).

The District should carefully review the enclosed comments of the Sewer Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary design application, the Infrastructure Council recommends that the District pursue an $800,000 Water Development Authority design loan (3%, 20 yrs) to be taken out with the next project financing. Please contact the Water Development Authority office at 304-414-6500 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Kathy Emery, P.E., DEP (w/o enclosure) *(via e-mail)*
Chris Jarrett, Executive Director, WDA (w/o enclosure)
David G. Vanscoy, P.E., Rummel, Klepper & Kahl, LLP
Michael Bland, Mineral County Commission

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 18th day of December, 2012, 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 certifies as follows:

1. On the date hereof, the Authority received the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of $800,000, number AR-1 (the "Series 2012 A Bonds"), issued as a single, fully registered Bond, and dated December 18, 2012.

2. At the time of such receipt, the Series 2012 A 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 Series 2012 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2012 A Bonds, of the sum of $599,150, being a portion of the principal amount of the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced by the Authority to the Issuer as acquisition and construction of the Project progresses.

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Dated as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative

FRANKFORT PUBLIC SERVICE DISTRICT

By: A. Blane Hunt
Its: Chairman

306370.00007

5824534

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

Frankfort Public Service District (the "Issuer") hereby delivers the following to you on this 18th day of December, 2012.

(1) Bond No. AR-1, constituting the entire original issue of the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in the principal amount of $800,000 (the "Series 2012 A Bonds"), dated December 18, 2012, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on December 10, 2012, and a Supplemental Resolution duly adopted by the Issuer on December 10, 2012 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bonds (the "Series 2012 A Bonds"), duly certified by the Secretary of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2012 A Bonds, dated December 18, 2012, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2012 A Bonds.

You are hereby requested and authorized to deliver the Series 2012 A Bonds to the Authority upon payment to the Issuer of the sum of $599,150, representing a portion of the principal amount of the Series 2012 A Bonds. Prior to such delivery of the Series 2012 A Bonds, you will please cause the Series 2012 A 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.

[Remainder of Page Intentionally Blank]

Dated as of the date first written above.

FRANKFORT PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

306370.00007

5824532

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $800,000

KNOW ALL MEN BY THESE PRESENTS: That on the 18th day of December, 2012, FRANKFORT PUBLIC SERVICE DISTRICT, a 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 EIGHT HUNDRED THOUSAND DOLLARS ($800,000), 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. The Series 2012 A Bonds shall be dated the date hereof, and shall finally mature January 1, 2033. Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on April 1, 2013. Commencing January 1, 2015, interest accrues at the rate of 3.0 % per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable January 1, April 1, July 1 and October 1 commencing April 1, 2015, to and including January 1, 2033, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated December 18, 2012.

This Bond is issued (i) to temporarily pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the existing sewerage facilities of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the "Project", and the existing public sewerage system of the Issuer, together with any further additions, betterments and improvements thereto, including those contemplated by the Project, are collectively referred to as the

"System"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 10, 2012, and a Supplemental Resolution duly adopted by the Issuer on December 10, 2012 (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: (I) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2000 A BONDS"); (II) SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,572,459 (THE "SERIES 2000 B BONDS"); (III) SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 18, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,249,751 (THE "SERIES 2010 A BONDS"); AND (IV) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 27, 1975, ORIGINALLY ISSUED TO FORT ASHBY PUBLIC SERVICE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF $612,900 (THE "SERIES 1975 BONDS") (HEREINAFTER COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2012 A Bonds Reserve Account") and from unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose.

This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds; provided however, that so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any

succeeding year, and in the respective reserve accounts established for any other obligations outstanding secured by a lien or payable from such revenues, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in 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 and interest on this Bond.

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

[Remainder of Page Intentionally Blank]

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 as of the day and year first written above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

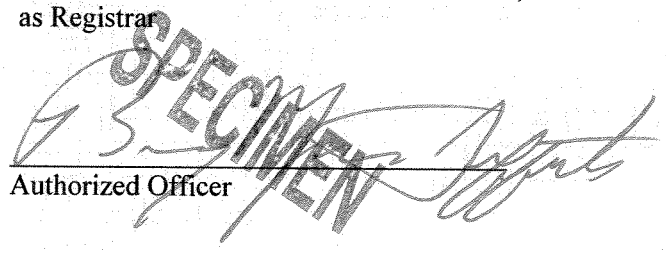
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 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: December 18, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $599,150	12/15/2012	(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

Bond Debt Service

Frankfort PSD

WDA Design Loan

$800,000

3% Interest Rate

20 Years

Dated Date 12/18/2012

Delivery Date 12/18/2012

Period Ending	Principal	Coupon	Interest	Debt Service
4/1/2015	8,420	3.000%	6,000.00	14,420.00
7/1/2015	8,484	3.000%	5,936.85	14,420.85
10/1/2015	8,547	3.000%	5,873.22	14,420.22
1/1/2016	8,611	3.000%	5,809.12	14,420.12
4/1/2016	8,676	3.000%	5,744.54	14,420.54
7/1/2016	8,741	3.000%	5,679.47	14,420.47
10/1/2016	8,806	3.000%	5,613.91	14,419.91
1/1/2017	8,873	3.000%	5,547.86	14,420.86
4/1/2017	8,939	3.000%	5,481.32	14,420.32
7/1/2017	9,006	3.000%	5,414.27	14,420.27
10/1/2017	9,074	3.000%	5,346.73	14,420.73
1/1/2018	9,142	3.000%	5,278.67	14,420.67
4/1/2018	9,210	3.000%	5,210.11	14,420.11
7/1/2018	9,279	3.000%	5,141.03	14,420.03
10/1/2018	9,349	3.000%	5,071.44	14,420.44
1/1/2019	9,419	3.000%	5,001.32	14,420.32
4/1/2019	9,490	3.000%	4,930.68	14,420.68
7/1/2019	9,561	3.000%	4,859.51	14,420.51
10/1/2019	9,633	3.000%	4,787.80	14,420.80
1/1/2020	9,705	3.000%	4,715.55	14,420.55
4/1/2020	9,778	3.000%	4,642.76	14,420.76
7/1/2020	9,851	3.000%	4,569.43	14,420.43
10/1/2020	9,925	3.000%	4,495.55	14,420.55
1/1/2021	9,999	3.000%	4,421.11	14,420.11
4/1/2021	10,074	3.000%	4,346.12	14,420.12
7/1/2021	10,150	3.000%	4,270.56	14,420.56
10/1/2021	10,226	3.000%	4,194.44	14,420.44
1/1/2022	10,303	3.000%	4,117.74	14,420.74
4/1/2022	10,380	3.000%	4,040.47	14,420.47
7/1/2022	10,458	3.000%	3,962.62	14,420.62
10/1/2022	10,536	3.000%	3,884.18	14,420.18
1/1/2023	10,615	3.000%	3,805.16	14,420.16
4/1/2023	10,695	3.000%	3,725.55	14,420.55
7/1/2023	10,775	3.000%	3,645.34	14,420.34
10/1/2023	10,856	3.000%	3,564.53	14,420.53
1/1/2024	10,937	3.000%	3,483.11	14,420.11
4/1/2024	11,019	3.000%	3,401.08	14,420.08
7/1/2024	11,102	3.000%	3,318.44	14,420.44
10/1/2024	11,185	3.000%	3,235.17	14,420.17
1/1/2025	11,269	3.000%	3,151.28	14,420.28
4/1/2025	11,354	3.000%	3,066.77	14,420.77
7/1/2025	11,439	3.000%	2,981.61	14,420.61
10/1/2025	11,525	3.000%	2,895.82	14,420.82

Bond Debt Service

Frankfort PSD

WDA Design Loan

$800,000

3% Interest Rate

20 Years

Period Ending	Principal	Coupon	Interest	Debt Service
1/1/2026	11,611	3.000%	2,809.38	14,420.38
4/1/2026	11,698	3.000%	2,722.30	14,420.30
7/1/2026	11,786	3.000%	2,634.56	14,420.56
10/1/2026	11,874	3.000%	2,546.17	14,420.17
1/1/2027	11,963	3.000%	2,457.11	14,420.11
4/1/2027	12,053	3.000%	2,367.39	14,420.39
7/1/2027	12,143	3.000%	2,276.99	14,419.99
10/1/2027	12,234	3.000%	2,185.92	14,419.92
1/1/2028	12,326	3.000%	2,094.17	14,420.17
4/1/2028	12,419	3.000%	2,001.72	14,420.72
7/1/2028	12,512	3.000%	1,908.58	14,420.58
10/1/2028	12,606	3.000%	1,814.74	14,420.74
1/1/2029	12,700	3.000%	1,720.19	14,420.19
4/1/2029	12,795	3.000%	1,624.94	14,419.94
7/1/2029	12,891	3.000%	1,528.98	14,419.98
10/1/2029	12,988	3.000%	1,432.30	14,420.30
1/1/2030	13,086	3.000%	1,334.89	14,420.89
4/1/2030	13,184	3.000%	1,236.74	14,420.74
7/1/2030	13,283	3.000%	1,137.86	14,420.86
10/1/2030	13,382	3.000%	1,038.24	14,420.24
1/1/2031	13,483	3.000%	937.88	14,420.88
4/1/2031	13,584	3.000%	836.75	14,420.75
7/1/2031	13,686	3.000%	734.87	14,420.87
10/1/2031	13,788	3.000%	632.23	14,420.23
1/1/2032	13,892	3.000%	528.82	14,420.82
4/1/2032	13,996	3.000%	424.63	14,420.63
7/1/2032	14,101	3.000%	319.66	14,420.66
10/1/2032	14,207	3.000%	213.90	14,420.90
1/1/2033	14,313	3.000%	107.35	14,420.35
	800,000		238,271.50	1,038,271.50

(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: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

December 18, 2012

Frankfort Public Service District
Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

Frankfort Public Service District
Wiley Ford, West Virginia

West Virginia Water Development Authority
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 $800,000 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), 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 December 18, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2012 A Bonds shall be dated the date hereof, and shall finally mature January 1, 2033. Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on April 1, 2013. Commencing January 1, 2015, interest accrues at the rate of 3.0% per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable January 1, April 1, July 1 and October 1 commencing April 1, 2015, to and including January 1, 2033, 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of design of certain extensions, additions, betterments and improvements to the existing 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 December 10, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 10, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Resolution 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 Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution 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 design the Project, to operate and maintain the System, to adopt the Resolution 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 cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Resolution 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 Resolution 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: (i) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000 (the "Series 2000 A Bonds"); (ii) Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459 (the "Series 2000 B Bonds"); (iii) Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751 (the "Series 2010 A Bonds"); and (iv) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900 (the "Series 1975 Bonds") (hereinafter collectively, the "Prior Bonds"); 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 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 Resolution, 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 PLLC

306370.00007

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Charleston, WV 25326-1588
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www.steptoe-johnson.com

Writer's Contact Information

December 18, 2012

Frankfort Public Service District
Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

Frankfort Public Service District
Wiley Ford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Frankfort Public Service District, a public service district, in Mineral County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2012 A Bonds, dated December 18, 2012, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on December 10, 2012, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 10, 2012 (collectively, the "Resolution"), orders of The County Commission of Mineral County, West Virginia, 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 (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

We are 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 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.

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

4. The Resolution 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 Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Resolution 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 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 design of certain extensions, additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"), the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Mineral County, the West Virginia Department of Environmental Protection, 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 Commission Order of the Public Service Commission of West Virginia entered December 29, 2011 and Commission Order dated March 23, 2012 in Case No. 11-1803-PSD-PC, among other things, granting to the Issuer approval for the Project and approving the financing for the Project. The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered July 14, 2009 and Commission Order dated February 8, 2010 in Case No. 08-2005-PSD-CN granting to the Issuer approval for the rates and charges for the System. The time for appeal of the Orders have expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, the Loan Agreement, the Resolution, the design of the Project, the operation of the System, the validity of the Bonds or the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

306370.00007

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. LOAN AGREEMENT
9. RATES
10. INSURANCE
11. VERIFICATION OF SCHEDULE
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. SPECIMEN BOND
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. PERMANENT FINANCING
19. 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 on this the 18th day December, 2012, in connection with the Issuer's Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority) dated the date hereof (the "Series 2012 A 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 December 10, 2012, and the Supplemental Resolution duly adopted December 10, 2012 (collectively, the "Bond Legislation").

2. NO LITIGATION: Except as specifically provided below, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2012 A Bonds, the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Series 2012 A Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2012 A Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Series 2012 A Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2012 A Bonds, the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Series 2012 A Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2012 A Bonds have been duly and timely obtained and remain in full force and effect.

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

The Issuer has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000 (the "Series 2000 A Bonds"); (ii) Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459 (the "Series 2000 B Bonds"); (iii) Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751 (the "Series 2010 A Bonds"); and (iv) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900 (the "Series 1975 Bonds") (hereinafter collectively, the "Prior Bonds"). The Series 2012 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2012 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

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

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on the Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution, Supplemental Resolution and First Draw Resolution and Rules of Procedure

Prior Bond Resolution and Supplemental Resolution

WDA Consent to Issuance of Parity Bonds

USDA Consent to Issuance of Parity Bonds

Insurance Certificate

6. INCUMBENCY AND OFFICIAL NAME, Etc.: The proper corporate title of the Issuer is "Frankfort Public Service District" and its principal office and place of business are in Mineral County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia, duly created by The County Commission of Mineral County. The governing body of the Issuer is its Public Service Board consisting of five duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Blane Murray	07/01/2007	06/30/2013
Paul Corwell	07/01/2009	06/30/2015
Gerald Franz	07/01/2009	06/30/2015
Douglas Brelsford	07/01/2011	06/30/2014
Jeffrey Adams	07/01/2011	06/30/2014

The names of the duly elected and/or appointed, qualified and acting officers of said Public Service Board of the Issuer for the calendar year 2012 are as follows:

Chairman - Blane Murray
Secretary - Paul Corwell

The duly appointed and acting counsel to the Issuer is Steptoe & Johnson PLLC, Charleston, West Virginia.

7. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2012 A Bonds and the 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.

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

9. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered July 14, 2009 and Commission Order dated February 8, 2010 in Case No. 08-2005-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 Orders has expired prior to the date hereof without any appeal.

10. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation and the Loan Agreement. All insurance for the System required by the Bond Legislation and the Loan Agreement are in full force and effect.

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

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered December 29, 2011 and Commission Order dated March 23, 2012 in Case No. 11-1803-PSD-PC, approving the financing for the Project. The time for reconsideration, reopening or appeal has expired prior to the date hereof without any appeal having been filed. The Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Series 2012 A Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1, 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 Bond and to be attested by his or her manual signature, and the Registrar did officially authenticate, register, and deliver the Bond to a representative of the Authority as the original purchaser of the Series 2012 A Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $599,150 from the Authority, being a portion of the principal amount of the Series

2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced to the Issuer from time to time as the Project progresses.

15. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Series 2012 A Bonds.

16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2012 A 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.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2012 A Bonds.

18. PERMANENT FINANCING: The Issuer hereby certifies that it will promptly seek permanent financing for the acquisition and construction of the extensions, additions, betterments and improvements to the existing sewerage facilities designed as a result of the Project, and will do all things necessary to effectuate such financing and apply the proceeds from such financing to pay the entire outstanding principal of and all accrued interest on the Series 2012 A Bonds, if any, in full as soon as such financing is available.

19. 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.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of FRANKFORT PUBLIC SERVICE DISTRICT on the date first above written.

[CORPORATE SEAL]

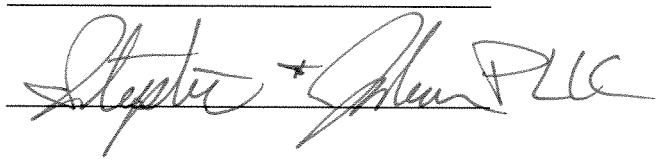
SIGNATURE	OFFICIAL TITLE
A. Blane Hunt	Chairman
Paul E. Lowell	Secretary
_____	Counsel to Issuer

306370.00007

5824648

WITNESS our signatures and the official seal of FRANKFORT PUBLIC SERVICE DISTRICT on the date first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
	Counsel to Issuer

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5824648

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

I, David Vanscoy, Registered Professional Engineer, West Virginia License No. 6649, of Rummel, Klepper & Kahl, LLP, Keyser, West Virginia, hereby certify this 18th day of December, 2012 as follows:

1. My firm is engineer for the design of certain additions, betterments, improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Frankfort Public Service District (the "Issuer"), to be constructed primarily in Mineral County, West Virginia, which design is being financed, in part, by the proceeds of the above-captioned bonds (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 December 10, 2012, as supplemented by the Supplemental Resolution adopted by the Issuer on December 10, 2012, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated December 18, 2012 (the "Loan Agreement").

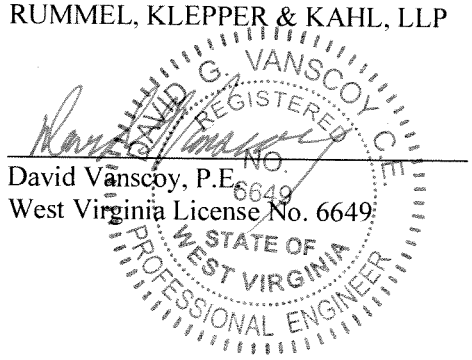
2. The Bonds are being issued for the purposes of (i) temporarily financing a portion of the costs of design of the Project; and (ii) paying costs of issuance of the Bonds and related costs.

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 completed by Rummel, Klepper & Kahl, LLP, Consulting Engineer, as described in the application submitted to the Authority, requesting the Authority to purchase the Bonds (the "Application"); (ii) the sewage system of the Issuer which will be designed as a result of the project will be adequate for the purpose for which it will be designed and, when constructed, will have an estimated useful life of at least twenty years; (iii) prior to construction, my firm will assist the Issuer in obtaining all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (iv) in reliance upon the certificate of Huber, Michaels & Company, independent certified public accountants, of even date hereof, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement; (v) the net proceeds of the bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of the Project other than the Mineral County Commission grant and the amount deferred by the Consulting Engineer, as set forth in the Application; and (vi) attached hereto as Exhibit A is the final amended "Schedule B – Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal as of the date first written above.

RUMMEL, KLEPPER & KAHL, LLP

(SEAL)



David Vanscoy, P.E.
West Virginia License No. 6649

306370.00007

5824685

Frankfort PSD

IJDC PROJECT 2004SD-791b

A. COST OF PROJECT	TOTAL	WDA Loan	TIF	Deferred
1 Construction	0.00	0.00	0.00	0.00
2 Technical Services				
a. I&I Study	200,000.00	100,000.00	100,000.00	0.00
b. Design	969,000.00	570,000.00	330,000.00	69,000.00
c. Inspection	0.00	0.00	0.00	0.00
d. Special services	0.00	0.00	0.00	0.00
3 Legal				
a. Legal (Project Attorney)	39,500.00	39,500.00	0.00	0.00
b. PSC Counsel	5,000.00	5,000.00	0.00	0.00
4 Administration				
a. Project Coordinator	0.00	0.00	0.00	0.00
b Accounting	0.00	0.00	0.00	0.00
c Miscellaneous (SHPO study, etc.)	75,000.00	75,000.00	0.00	0.00
5 Sites & Other Lands				
a. Acquisitions	20,000.00	0.00	20,000.00	0.00
b. Easements	50,000.00	0.00	50,000.00	0.00
6 Equipment	0.00	0.00	0.00	0.00
7 Contingency	0.00	0.00	0.00	0.00
8 Sub Total line 1 thru 7	1,358,500.00	789,500.00	500,000.00	69,000.00
B. Cost of Financing				
9 Funded Reserve	0.00	0.00	0.00	0.00
10 Registrar Fees	500.00	500.00	0.00	0.00
11 Bond Counsel	10,000.00	10,000.00	0.00	0.00
12 Sub Total Cost of Financing	10,500.00	10,500.00	0.00	0.00
13 Total Cost of Project (Line 8 + Line 12)	1,369,000.00	800,000.00	500,000.00	69,000.00
C. SOURCES OF OTHER FUNDS				
14 Federal Grant	0.00	0.00	0.00	0.00
15 Local (TIF)	500,000.00	0.00	500,000.00	0.00
16 Deferred	69,000.00	0.00	0.00	69,000.00
17 Total Grants (lines 14 through 16)	569,000.00	0.00	500,000.00	69,000.00
18 Total Bond Issue	800,000.00	800,000.00	0.00	0.00

Frankfort Public Service District — December 10, 2012

RK&K — December 10, 2012

Huber, Michaels & Company
Certified Public Accountants
110 S. Centre Street, Cumberland, MD 21502 • PH (301)722-4455 • FAX (301)722-5004 • www.hmccpa.com

December 18, 2012

Frankfort Public Service District
Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

Frankfort Public Service District
Wiley Ford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Based upon the sewer rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia entered July 14, 2009 and Commission Order dated February 8, 2010 in Case No. 08-2005-PSD-CN and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Frankfort Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will (i) provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated December 18, 2012, issued in the aggregate principal amount of $800,000 ("the Series 2012 A Bonds") and all other obligations secured by or payable from such revenues, including the following outstanding bonds of the Issuer:

(a) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000 (the "Series 2000 A Bonds");

(b) Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459 (the "Series 2000 B Bonds");

(c) Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751 (the "Series 2010 A Bonds"); and

(d) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900 (the "Series 1975 Bonds"), (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2012 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2012 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2012 A 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 the Series 2012 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2012 A Bonds.

Sincerely,

HUBER, MICHAELS & COMPANY

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

CERTIFICATE AS TO USE OF PROCEEDS

On this 18th day of December, 2012, 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 the $800,000 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated December 18, 2012 (the "Series 2012 A Bonds") hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Series 2012 A 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 December 10, 2012 as supplemented by Supplemental Resolution duly adopted by the Issuer on December 10, 2012 (collectively, the "Bond Resolution"), authorizing the Series 2012 A 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 December 18, 2012, the date on which the Series 2012 A Bonds are being physically delivered in exchange for an initial advance of $599,150, being a portion of the principal amount of the Series 2012 A 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 Series 2012 A 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 Series 2012 A 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"), from which the proceeds of the Series 2012 A 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 2012 A Bonds were sold on December 18, 2012, to the Authority, pursuant to a loan agreement dated December 18, 2012, by and between the Issuer and the Authority, for an aggregate purchase price of $800,000 (100% of par), at which time, the Issuer received $599,150 from the Authority, being a portion of the principal amount of the Series 2012 A Bonds. No accrued interest has been or will be paid on the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced to the Issuer as the Project progresses.

6. The Series 2012 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) temporarily financing a portion of the costs of design of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Series 2012 A Bonds and related costs.

7. Within 30 days after the delivery of the Series 2012 A Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2012 A Bonds for the Project, constituting a substantial binding commitment. The Project and the allocation of proceeds of the Series 2012 A Bonds to expenditures for costs 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 Series 2012 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Series 2012 A Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before January 1, 2015. The Project is expected to be completed by July 1, 2014.

8. The total cost of the Project is estimated at $1,369,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2012 A Bonds	$800,000
Mineral County Commission Grant	$500,000
Deferral from Engineer	$69,000
Total Sources	$1,369,000

USES

Costs of the Project	$1,358,500
Costs of Issuance	$10,500
Total Uses	$1,369,000

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2012 A Bonds:

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

(2) Renewal and Replacement Fund (established by Prior Resolution);

(3) Series 2012 A Bonds Project Fund;

(4) Series 2012 A Bonds Sinking Fund; and

(5) Series 2012 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2012 A Bonds will be deposited as follows:

(1) Series 2012 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2012 A Bonds Sinking Fund.

(2) Series 2012 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2012 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2012 A Bonds will be deposited in the Series 2012 A Bonds Project Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2012 A Bonds and related costs.

11. Monies held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2012 A Bonds, and will not be available to meet costs of the Project. Monies in the Series 2012 A Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2012 A Bonds, as the same shall become due, when other monies in the Series 2012 A Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2012 A Bonds Project Fund during 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.

12. Work with respect to the Project will proceed with due diligence to completion. The Project is expected to be completed within 18 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2012 A Bonds Sinking Fund for payment of interest, if any, on the Series 2012 A Bonds, all of the proceeds of the Series 2012 A Bonds will be expended on the Project within 24 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Series 2012 A Bonds.

16. The amount designated as costs of issuance of the Series 2012 A Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2012 A Bonds.

17. All property financed with the proceeds of the Series 2012 A Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Series 2012 A Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Series 2012 A Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Series 2012 A Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Series 2012 A Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Series 2012 A Bonds if such amendment is necessary to assure that the Series 2012 A Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2012 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Series 2012 A Bonds in the then current or any succeeding year with the proceeds of the Series 2012 A Bonds, or (b) created the Series 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2012 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due, on the Series 2012 A Bonds in the then current or any succeeding year. Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account will be used solely to pay principal of and interest on the Series 2012 A Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2012 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the Series 2012 A 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 Series 2012 A Bonds.

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

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Series 2012 A Bonds, rebates and rebate calculations.

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

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WITNESS my signature on the day and year first above written.

FRANKFORT PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

306370.00007

BILL OF SALE OF
FORT ASHBY PUBLIC SERVICE DISTRICT

THIS BILL OF SALE, made as of this 1st day of July, 2008, by and between FORT ASHBY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Seller," and FRANKFORT PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Purchaser;"

WHEREAS, Seller adopted a resolution on March 1, 2004, approving the transfer of the assets of Seller to Purchaser, subject to the Purchaser's assumption of the Seller's Sewer Revenue Bonds, Series 1975 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1975 Bonds"), dated August 27, 1975, issued in the original aggregate principal amount of $612,900; Water Revenue Bonds, Series 1979 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1979 Bonds"), dated January 4, 1980, issued in the original aggregate principal amount of $301,000; Water Revenue Bonds, Series 1993 A (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 A Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $1,325,000; and Water Revenue Bonds, Series 1993 B (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 B Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $198,000 (the Series 1975 Bonds, the Series 1979 Bonds, the Series 1993 A Bonds and the Series 1993 B Bonds are herein collectively called the "Fort Ashby Prior Bonds"), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of the Districts;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 05-0255-PSWD-PC, by Final Order entered on September 8, 2005, approved transfer of the assets of Seller to Purchaser; and

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of the Fort Ashby Prior Bonds and certain Frankfort outstanding bonds, and the West Virginia Water Development Authority, as bondholder of certain Frankfort outstanding bonds, has approved the transfer of the assets of Seller to Purchaser and the assumption of the Fort Ashby Prior Bonds by the Purchaser, and the Public Service Board of Fort Ashby Public Service District is hereby executing and delivering this Bill of Sale to evidence the transfer of all personal property, tangible or intangible, and interests in personal property owned by Fort Ashby Public Service District to Frankfort Public Service District.

WITNESSETH, that for the sum of Ten and 00/100 Dollars ($10.00), cash in hand paid by the Purchaser to the Seller, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, assign, transfer, set over and deliver to Purchaser all personal property, including, but not limited to, all inventory, accounts receivable, deposit accounts, certificates of deposit, other evidences of indebtedness of a third party to the Seller, claims, causes of action, agreements, including, but not limited to, any indemnification agreements, contracts, equipment, supplies, vehicles, furniture, fixtures, furnishings, improvements, and any other tangible or intangible personal property, and any interest in personal property owned by the Seller, wherever located and of whatever nature.

The Seller shall deliver possession of the aforesaid personal property to Purchaser on the date of this Bill of Sale.

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IN WITNESS WHEREOF, Fort Ashby Public Service District has caused its corporate name to be signed and its corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

FORT ASHBY PUBLIC SERVICE DISTRICT

[SEAL]

By: Thomas L. Pyles
Its: Chairman

STATE OF WEST VIRGINIA,

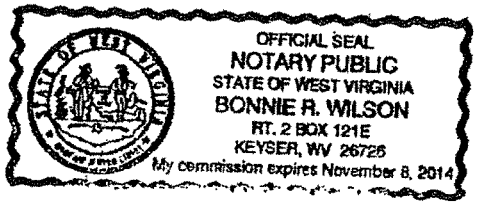
COUNTY OF PUTNAM, TO-WIT:

I, Bonnie Wilson, a Notary Public in and for the County and State aforesaid, do certify that _____, who signed the writing hereto annexed, bearing date as of the 1st day of July, 2008, for FORT ASHBY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 10 day of July, 2008.

My commission expires Nov. 8, 2014.

Bonnie L Wilson
Notary Public



This instrument prepared by:

John C. Stump
Steptoe & Johnson PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

QUITCLAIM DEED

THIS QUITCLAIM DEED, made as of this 1st day of July 2008, by and between FORT ASHBY PUBLIC SERVICE DISTRICT (hereinafter sometimes referred to as "Fort Ashby"), a public corporation and political subdivision of the State of West Virginia, party of the first part, and FRANKFORT PUBLIC SERVICE DISTRICT (hereinafter sometimes referred to as "Frankfort"), a public corporation and political subdivision of the State of West Virginia, party of the second part.

WHEREAS, Fort Ashby adopted a resolution on March 1, 2004, approving the transfer of the assets of Fort Ashby to Frankfort, subject to Frankfort's assumption of Fort Ashby's Sewer Revenue Bonds, Series 1975 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1975 Bonds"), dated August 27, 1975, issued in the original aggregate principal amount of $612,900; Water Revenue Bonds, Series 1979 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1979 Bonds"), dated January 4, 1980, issued in the original aggregate principal amount of $301,000; Water Revenue Bonds, Series 1993 A (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 A Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $1,325,000; and Water Revenue Bonds, Series 1993 B (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 B Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $198,000 (the Series 1975 Bonds, the Series 1979 Bonds, the Series 1993 A Bonds and the Series 1993 B Bonds are herein collectively called the "Fort Ashby Prior Bonds"), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of the Districts;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 05-0255-PSWD-PC, by Final Order entered on September 8, 2005, approved transfer of the assets of Fort Ashby to Frankfort; and

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of the Fort Ashby Prior Bonds and certain Frankfort outstanding bonds, and the West Virginia Water Development Authority, as bondholder of certain Frankfort outstanding bonds, has approved the transfer of the assets of Fort Ashby to Frankfort and the assumption of the Bonds by Frankfort, and Fort Ashby Public Service District is hereby executing and delivering this Quitclaim Deed to evidence the transfer of all right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, owned by Fort Ashby Public Service District to Frankfort Public Service District.

WHEREAS, The property described herein was obtained or improved with Federal financial assistance and is subject to nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

NOW, THEREFORE, in consideration of said merger and the premises herein and Ten Dollars ($10.00), cash in hand paid, the receipt of which is hereby acknowledged, the party of the first part does hereby GRANT and CONVEY unto the party of the second part all of its right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, situate in Mineral County, West Virginia, and more particularly bounded and described In Exhibit A attached hereto:

For the same consideration aforesaid, the said party of the first part does hereby assign, transfer, set over and convey to the party of the second part all personal property, including, but not limited to, all inventory, accounts receivable, equipment, supplies, vehicles, furniture, fixtures,

furnishings, improvements, other tangible personal property and any interest in personal property owned by the party of the first part, wherever located.

This conveyance is made subject to all exceptions, reservations, restrictions, easements, conditions and rights-of-way contained or mentioned in prior instruments of record affecting the subject property.

The undersigned party of the first part hereby declares that this conveyance is not subject to the West Virginia Excise Tax on the privilege of transferring real property because it is a conveyance from a political subdivision of the State of West Virginia to another political subdivision of the State of West Virginia.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Fort Ashby Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

FORT ASHBY PUBLIC SERVICE DISTRICT

[SEAL]

By Thomas C. Pyles
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF MINERAL, TO-WIT:

I, Bonnie Wilson, a Notary Public in and for the County and State aforesaid, do certify that, _____, Chairman, who signed the writing hereto annexed, bearing date as of the 1st day of July, 2008, for FORT ASHBY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 10 day of July, 2008.

My commission expires Nov. 8, 2014.

Bonnie R. Wilson
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BONNIE R. WILSON
RT. 2 BOX 121E
KEYSER, WV 26726
My commission expires November 8, 2014

This document prepared by:
John C. Stump
Steptoe & Johnson PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

7/10/08

FORT ASHBY PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING THE MERGER OF FORT ASHBY PUBLIC SERVICE DISTRICT INTO FRANKFORT PUBLIC SERVICE DISTRICT AND ADOPTING OTHER PROVISIONS RELATED THERETO

WHEREAS, Fort Ashby Public Service District (hereinafter "Fort Ashby") is a public service district and public corporation created by Resolution of The County Commission of Mineral County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, Frankfort Public Service District (hereinafter "Frankfort") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the Public Service Board of Fort Ashby adopted a resolution on March 1, 2004 following a duly noticed public hearing, authorizing the merger of Fort Ashby into Frankfort;

WHEREAS, the County Commission adopted a resolution on February 8, 2005, approving the merger of Fort Ashby into Frankfort, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 05-0255-PSWD-PC, by Recommended Decision entered August 19, 2005, which became a Final Order of the Commission on September 8, 2005, approved and ordered the merger of Fort Ashby Public Service District into Frankfort Public Service District, and with the following conditions:

(1) The cash assets of the Fort Ashby Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for future repairs, replacements and extensions of its water and sewer systems. The accrued interest from this account remains part of the account.

(2) The new Frankfort Public Service District shall adopt the Fort Ashby Public Service District's water and sewer tariffs and continue to charge Fort Ashby customers by these tariffs. The new

District shall maintain a separate financial and statistical account of Fort Ashby's water and sewer operations.

(3) After all financial obligations of Fort Ashby are met, any surplus cash shall be deposited into the restricted cash account. This applies to both the water and sewer operations of Fort Ashby.

(4) Approval by the Frankfort Public Service District to acquire the water and sewer assets of the Fort Ashby Public Service District.

(5) Approval by the Frankfort Public Service District to assume the outstanding water and sewer debt of the Fort Ashby Public Service District.

(6) The Frankfort Public Service District and the Fort Ashby Public Service District obtain approval from their bondholders concerning this acquisition. This applies to the water and sewer operations of both Districts.

(7) The existing customers of the Fort Ashby Public Service District continue to pay the rates and charges currently in effect for that District for a period of eighteen (18) months. This applies to both the water and sewer operations of Fort Ashby.

(8) The Frankfort Public Service District apply to the Commission for a rate review eighteen (18) months after the Commission issues a Final Order in this case. This applies to both the water and sewer operations of both Districts.

(9) The Frankfort Public Service District record the amount of $1,995,324 as the net book value of the Fort Ashby Public Service District's net water utility plant and $1,340,918 for the net sewer utility plant;

WHEREAS, the County Commission has adopted a resolution and order on July 8, 2008, ratifying the merger of Fort Ashby into Frankfort, subject to the approval of both Districts' bondholders and the conditions for the merger ordered by the Public Service Commission of West Virginia;

WHEREAS, as a necessary part of the merger, the County Commission's July 8, 2008 resolution and order ratifying the merger of Fort Ashby into Frankfort, requires Frankfort to assume, all privileges, rights and other assets of Fort Ashby and to assume, all debts, duties and other liabilities of Fort Ashby;

WHEREAS, as of the date of this Resolution, Fort Ashby has the following outstanding bonds: Sewer Revenue Bonds, Series 1975 (United States of America – Farmers

Home Administration, United States Department of Agriculture) (the "Series 1975 Bonds"), dated August 27, 1975, issued in the original aggregate principal amount of $612,900; Water Revenue Bonds, Series 1979 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1979 Bonds"), dated January 4, 1980, issued in the original aggregate principal amount of $301,000; Water Revenue Bonds, Series 1993 A (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 A Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $1,325,000; and Water Revenue Bonds, Series 1993 B (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 B Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $198,000 (the Series 1975 Bonds, the Series 1979 Bonds, the Series 1993 A Bonds and the Series 1993 B Bonds are herein collectively called the "Prior Bonds");

WHEREAS, the United States Department of Agriculture, Rural Utilities Service, as the holder of the Prior Bonds heretofore issued by Fort Ashby has consented to the merger of Fort Ashby into Frankfort and the assumption of the Prior Bonds by Frankfort;

WHEREAS, as a necessary part of the merger, the County Commission's July 8, 2008 resolution and order ratifying the merger of Fort Ashby into Frankfort, orders the dissolution of Fort Ashby and the enlargement of Frankfort to include all areas presently served by Fort Ashby;

WHEREAS, the United States of America – Farmers Home Administration, United States Department of Agriculture, as the holder of the Prior Bonds heretofore issued by Fort Ashby has consented to the dissolution of Fort Ashby;

WHEREAS, the Board of Frankfort plans to adopt a resolution on July 10, 2008, approving and ratifying the merger of Fort Ashby into Frankfort and other provisions related thereto;

WHEREAS, contemporaneously with the merger of Fort Ashby into Frankfort, Fort Ashby desires to assign, and Frankfort desires to assume all liabilities for and obligations under the Prior Bonds; and

WHEREAS, it is in the best interest of the customers of Frankfort and Fort Ashby to complete the proposed merger, to convey all assets, rights, privileges, immunities and powers of Fort Ashby to Frankfort, for Frankfort to assume and re-designate the Prior Bonds, for Fort Ashby to be dissolved and for the boundaries of Frankfort to be expanded to include and all areas presently served by Fort Ashby.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF FORT ASHBY PUBLIC SERVICE DISTRICT, MINERAL COUNTY, WEST VIRGINIA AS FOLLOWS:

1. Fort Ashby does hereby authorize and ratify the merger of Fort Ashby into Frankfort and accepts any and all conditions placed on the merger ordered by the Public Service Commission.

2. As required by the merger, Fort Ashby does hereby authorize and ratify the transfer of the assets of Fort Ashby to Frankfort, the assignment of the Prior Bonds to Frankfort and the dissolution of Fort Ashby.

3. That, immediately following the consummation of the merger, Fort Ashby shall be dissolved.

4. The Chairman and Secretary of Fort Ashby are hereby authorized and directed to execute all documents concerning the merger, specifically including, but not limited to, the transfer of Fort Ashby's assets to Frankfort and the assignment of the Prior Bonds.

5. The Chairman and Secretary of Fort Ashby are hereby authorized and directed to execute all documents concerning the dissolution of Fort Ashby.

6. The Chairman and Secretary of Fort Ashby are vested with the appropriate authority to take any and all actions necessary to complete the merger and the dissolution of Fort Ashby.

7. This Resolution shall become effective immediately upon adoption hereof.

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Adopted by the Public Service Board of Fort Ashby Public Service District at a meeting duly noticed and held on the 10th day of July, 2008.

FORT ASHBY PUBLIC SERVICE DISTRICT

[SEAL]

Thomas L. Pyles
Chairman

FRANKFORT PUBLIC SERVICE DISTRICT

A RESOLUTION AUTHORIZING AND RATIFYING THE MERGER OF FORT ASHBY PUBLIC SERVICE DISTRICT INTO FRANKFORT PUBLIC SERVICE DISTRICT AND ADOPTING OTHER PROVISIONS RELATED THERETO

WHEREAS, Frankfort Public Service District (hereinafter "Frankfort") is a public service district and public corporation created by Resolution of The County Commission of Mineral County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, Fort Ashby Public Service District (hereinafter "Fort Ashby") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the County Commission adopted a resolution on February 8, 2005, approving the merger of Fort Ashby into Frankfort, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 05-0255-PSWD-PC, by Recommended Decision entered August 19, 2005, which became a Final Order of the Commission on September 8, 2005, approved and ordered the merger of Fort Ashby Public Service District into Frankfort Public Service District, with the following conditions:

(1) The cash assets of the Fort Ashby Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for future repairs, replacements and extensions of its water and sewer systems. The accrued interest from this account remains part of the account.

(2) The new Frankfort Public Service District shall adopt the Fort Ashby Public Service District's water and sewer tariffs and continue to charge Fort Ashby customers by these tariffs. The new District shall maintain a separate financial and statistical account of Fort Ashby's water and sewer operations.

(3) After all financial obligations of Fort Ashby are met, any surplus cash shall be deposited into the restricted cash account. This applies to both the water and sewer operations of Fort Ashby.

(4) Approval by the Frankfort Public Service District to acquire the water and sewer assets of the Fort Ashby Public Service District.

(5) Approval by the Frankfort Public Service District to assume the outstanding water and sewer debt of the Fort Ashby Public Service District.

(6) The Frankfort Public Service District and the Fort Ashby Public Service District obtain approval from their bondholders concerning this acquisition. This applies to the water and sewer operations of both Districts.

(7) The existing customers of the Fort Ashby Public Service District continue to pay the rates and charges currently in effect for that District for a period of eighteen (18) months. This applies to both the water and sewer operations of Fort Ashby.

(8) The Frankfort Public Service District apply to the Commission for a rate review eighteen (18) months after the Commission issues a Final Order in this case. This applies to both the water and sewer operations of both Districts.

(9) The Frankfort Public Service District record the amount of $1,995,324 as the net book value of the Fort Ashby Public Service District's net water utility plant and $1,340,918 for the net sewer utility plant;

WHEREAS, the County Commission has adopted a resolution and order on July 8, 2008, ratifying the merger of Fort Ashby into Frankfort, subject to the approval of both Districts' bondholders and the conditions for the merger ordered by the Public Service Commission of West Virginia;

WHEREAS, as a necessary part of the merger, the County Commission's July 8, 2008 resolution and order ratifying the merger of Fort Ashby into Frankfort, requires Frankfort to assume, all privileges, rights and other assets of Fort Ashby and to assume, all debts, duties and other liabilities of Fort Ashby;

WHEREAS, as of the date of this Resolution, Fort Ashby has the following outstanding bonds: Sewer Revenue Bonds, Series 1975 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1975 Bonds"), dated August 27, 1975, issued in the original aggregate principal amount of $612,900; Water Revenue Bonds, Series 1979 (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1979 Bonds"), dated January 4, 1980, issued in

the original aggregate principal amount of $301,000; Water Revenue Bonds, Series 1993 A (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 A Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $1,325,000; and Water Revenue Bonds, Series 1993 B (United States of America – Farmers Home Administration, United States Department of Agriculture) (the "Series 1993 B Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $198,000 (the Series 1975 Bonds, the Series 1979 Bonds, the Series 1993 A Bonds and the Series 1993 B Bonds are herein collectively called the " Fort Ashby Prior Bonds");

WHEREAS, as of the date of this Resolution, Frankfort has the following outstanding bonds: Water Revenue Bonds, Series 1976 (United States Department of Agriculture) (the "Series 1976 Bonds"), dated July 16, 1976, issued in the original aggregate principal amount of $223,000; Water Revenue Bonds, Series 1993 (United States Department of Agriculture) (the "Series 1993 Bonds"), dated December 2, 1993, issued in the original aggregate principal amount of $2,000,000, Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Series 2000 A Bonds"), dated June 27, 2000, issued in the original aggregate principal amount of $500,000; Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (the "Series 2000 B Bonds"), dated June 27, 2000, issued in the original aggregate principal amount of $1,572,459, Sewerage System Design Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Series 2006 A Bonds"), dated April 15, 2006, issued in the original aggregate principal amount of $200,000; and Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds"), dated May 6, 2008, issued in the original aggregate principal amount of $400,000 (the Series 1976 Bonds, the Series 1993 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2006 A Bonds and the Series 2008 A Bonds are herein collectively called the " Frankfort Prior Bonds");

WHEREAS, the United States Department of Agriculture, Rural Utilities Service, as the holder of the Fort Ashby Prior Bonds heretofore issued by Fort Ashby has consented to the merger of Fort Ashby into Frankfort and the assumption of the Fort Ashby Prior Bonds by Frankfort;

WHEREAS, the United States Department of Agriculture, Rural Utilities Service and the West Virginia Water Development Authority, as the holders of the Frankfort Prior Bonds heretofore issued by Frankfort has consented to the merger of Fort Ashby into Frankfort and the assumption of the Fort Ashby Prior Bonds by Frankfort;

WHEREAS, as a necessary part of the merger, the County Commission's July 8, 2008 resolution and order ratifying the merger of Fort Ashby into Frankfort, orders the dissolution of Fort Ashby and the enlargement of Frankfort to include all areas presently served by Fort Ashby;

WHEREAS, contemporaneously with the completion of the merger of Fort Ashby into Frankfort, Frankfort's service territory shall now include the following service territory ("Post Merger Service Territory"):

> Beginning at a stake in a field, land owned by Fred Siple; thence S. 30° 18' E. a distance of 2263.00 feet to Patterson Creek, crossing

said creek same bearing continued a distance of 944.71 feet, total distance of 3207.71 feet to a fence post in right of way line of W. Va. Secondary Road No. 15; thence with said right-of-way line S. 55° 31' W. a distance of 443.99 feet to a stake by a power pole in said right-of-way line; thence, crossing said W. Va. Secondary Road No. 15 and along the property line of The Board of Education, S. 30° 18' E. a distance of 782.85 feet to a concrete Monument, corner to said Board of Education and in property line of Ralph Barnes and Fed Larsen; thence with said Barnes and Larsen S. 71° 56' W. a distance of 229.64 feet to a hickory tree corner of said Barnes and James Allen; thence with said Barnes and Allen and passing a Swamp Oak on other corner of said Barnes and Allen in said Public Service Distance line S. 14° 54' E. a distance of 595.08 feet to an eight inch Black Oak in or near the property line of K. H. Ratcliffe and James Allen; thence S. 28° 21' W. a distance of 1744.00 feet to a stake on a ridge; thence S. 1° 54' W. a distance of 955.65 feet, crossing a deep hollow and ridge to a twenty inch Black Oak on the east side of a ravine; thence down ravine S. 62° 11' W. a distance of 402.77 feet to a point on S. W. Corner of concrete Headwall of Route W. Va. 28; thence crossing Route 28 and up W. Va. Secondary Route 58.5, S. 64° 27' W. a distance of 557.80 feet to a stake on the west side of said Route 28/5; thence with west side of Route 58/5 S. 11° 45' W. A distance of 229.00 feet to an eighteen inch Black Walnut; thence leaving said Route 28/5 S. 63° 43' W. a distance of 1102.34 feet to an eighteen inch Black Oak on a knoll; thence, N. 29° 36' W. a distance of 653.99 feet to a fence post corner to Dowden and Riley in Shanholtz line; thence with Dowden, Stallings and Riley line N. 35° 32' W. a distance of 1580.09 feet to an eight inch elm near corner of Stallings and in Riley line; thence across Riley's land S. 42° 28' W. a distance of 1069.50 feet to a double Thorn Tree in Bower's line; thence with Bower and Riley N. 35° 25' W., crossing Route W.Va. 46 at 530.00 feet, old Mill Race at 1772.00 feet and Patterson Creek at 3448.00 feet, a distance of 3698.69 feet to three Chestnut Oaks growing from one stump; thence N. 34° 55' E. a distance of 2951.85 feet to a 5 inch Elm on a ridge 325 feet more or less northwest of W. B. Helmick's house; thence N. 43° 29' E. crossing W. Va. Secondary Road No. 28/4, a distance of 1398.27 feet to a fourteen inch Pine on ridge; thence N. 62° 06' E. a distance of 1262.73 feet to an eight inch Hickory Tree; thence S. 85° 01' E., crossing Route W. Va. 28 at the intersection of W. Va. Secondary Route 28/3, a distance of 1517.09 feet to the beginning; containing 1.277 square miles; and

Beginning at the intersection of the Frankfort-Cabin Run Tax Districts an the North Branch Potomac River thence, northeasterly along river 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 meanders of the river to its intersection with the Mineral-Hampshire County line, thence, southwesterly 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, containing approximately 100 square miles.

The district service area excludes the Town of Ridgeley; and

WHEREAS, the United States of America – Farmers Home Administration, United States Department of Agriculture, as the holder of the Prior Bonds heretofore issued by Fort Ashby has consented to the dissolution of Fort Ashby;

WHEREAS, the Board of Fort Ashby plans to adopt a resolution on July 10, 2008, approving and ratifying the merger of Fort Ashby into Frankfort and other provisions related thereto;

WHEREAS, contemporaneously with the merger of Fort Ashby into Frankfort, Fort Ashby desires to assign, and Frankfort desires to assume all liabilities for and obligations under the Fort Ashby Prior Bonds; and

WHEREAS, it is in the best interest of the customers of Frankfort and Fort Ashby to complete the proposed merger, to convey all assets, rights, privileges, immunities and powers of Fort Ashby to Frankfort, for Frankfort to assume and re-designate the Fort Ashby Prior Bonds, for Fort Ashby to be dissolved and for the boundaries of Frankfort to be enlarged to include all areas presently served by Fort Ashby.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF FRANKFORT PUBLIC SERVICE DISTRICT, MINERAL COUNTY, WEST VIRGINIA AS FOLLOWS:

1. Frankfort does hereby authorize and ratify the merger of Fort Ashby into Frankfort and accepts any condition placed on the merger ordered by the Public Service Commission.

2. As required by the merger, Frankfort does hereby authorize and ratify the transfer of the assets of Fort Ashby to Frankfort, the assignment of the Fort Ashby Prior Bonds to Frankfort and the enlargement of Frankfort's boundaries to include all areas in the Post Merger Service Territory.

3. The Chairman and Secretary of Frankfort are hereby authorized and directed to execute all documents concerning the merger, specifically including, but not limited to, the transfer of Fort Ashby's assets to Frankfort, the assignment of the Fort Ashby Prior Bonds to Frankfort and the enlargement of Frankfort's boundaries to include all areas in the Post Merger Service Territory.

4. The Chairman and Secretary of Frankfort are vested with the appropriate authority to take any and all actions necessary to complete the merger.

5. This Resolution shall become effective immediately upon adoption hereof.

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Adopted by the Public Service Board of Frankfort Public Service District at a meeting held on the 10th day of July, 2008.

FRANKFORT PUBLIC SERVICE DISTRICT

[SEAL]

A. Blaine Hough
Chairman

BEFORE THE COUNTY COMMISSION OF MINERAL COUNTY

A RESOLUTION AND ORDER RATIFYING THE MERGER OF FORT ASHBY PUBLIC SERVICE DISTRICT INTO FRANKFORT PUBLIC SERVICE DISTRICT

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, The County Commission of Mineral County is empowered to, upon its own motion by order duly adopted, propose the merger of public service districts located within the County, in order to preserve the public health, comfort and convenience of the areas within the public service districts;

WHEREAS, The County Commission of Mineral County, after considerable deliberation, has decided that the merger of Fort Ashby Public Service District into Frankfort Public Service District is necessary for the preservation of the public health, comfort and convenience for the areas presently served and proposed to be served by the said Districts;

WHEREAS, The County Commission of Mineral County, West Virginia, adopted a Resolution and Order on January 11, 2005, proposing the merger of Fort Ashby Public Service District into Frankfort Public Service District;

WHEREAS, The County Commission of Mineral County, West Virginia, held public hearings on the Resolution and Order on January 24, 2005, February 2, 2005 and February 8, 2005, proposing the merger of Fort Ashby Public Service District into Frankfort Public Service District;

WHEREAS, The County Commission of Mineral County, West Virginia, after the final public hearing, adopted a Resolution and Order on February 8, 2005, approving the merger of Fort Ashby Public Service District into Frankfort Public Service District, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 05-0255-PSWD-PC, by Recommended Decision entered August 19, 2005, which became a Final Order of the Commission on September 8, 2005, approved and ordered the merger of Fort Ashby Public Service District into Frankfort Public Service District, contingent upon said Districts' bondholders granting their consent and approval of the acquisition and merger and with the following conditions:

(1) The cash assets of the Fort Ashby Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for future repairs, replacements and extensions of its water and sewer systems. The accrued interest from this account remains part of the account.

(2) Frankfort Public Service District shall adopt the Fort Ashby Public Service District's water and sewer tariffs and continue to charge Fort Ashby Public Service District customers by these tariffs.

Frankfort Public Service District shall maintain a separate financial and statistical account of Fort Ashby Public Service District's water and sewer operations.

(3) After all financial obligations of Fort Ashby Public Service District are met, any surplus cash shall be deposited into the restricted cash account. This applies to both the water and sewer operations of Fort Ashby Public Service District.

(4) Approval by the Frankfort Public Service District to acquire the water and sewer assets of the Fort Ashby Public Service District.

(5) Approval by the Frankfort Public Service District to assume the outstanding water and sewer debt of the Fort Ashby Public Service District.

(6) The Frankfort Public Service District and the Fort Ashby Public Service District obtain approval from their bondholders concerning this acquisition. This applies to the water and sewer operations of both Districts.

(7) The existing customers of the Fort Ashby Public Service District continue to pay the rates and charges currently in effect for that District for a period of eighteen (18) months. This applies to both the water and sewer operations of Fort Ashby Public Service District.

(8) The Frankfort Public Service District apply to the Commission for a rate review eighteen (18) months after the date of the merger. This applies to both the water and sewer operations of both Districts.

(9) The Frankfort Public Service District record the amount of $1,995,324 as the net book value of the Fort Ashby Public Service District's net water utility plant and $1,340,918 for the net sewer utility plant;

WHEREAS, contemporaneously with the completion of the merger of Fort Ashby Public Service District into Frankfort Public Service District, Fort Ashby Public Service District desires to assign, and Frankfort Public Service District desires to assume, all privileges, rights and other assets of Fort Ashby Public Service District;

WHEREAS, contemporaneously with the completion of the merger of Fort Ashby Public Service District into Frankfort Public Service District, Fort Ashby Public Service District desires to transfer, and Frankfort Public Service District desires to assume, all debts, duties and other liabilities of Fort Ashby Public Service District;

WHEREAS, contemporaneously with the completion of the merger of Fort Ashby Public Service District into Frankfort Public Service District, the service territory of Frankfort Public Service District shall be enlarged to include the all areas presently served by said Districts; and

WHEREAS, contemporaneously with the completion of the merger of Fort Ashby Public Service District into Frankfort Public Service District, Fort Ashby Public Service District shall be dissolved;

WHEREAS, The County Commission of Mineral County, after considerable deliberation, has decided that the enlargement of the water and sewer service authority of Frankfort Public Service District to include all areas presently served by the said Districts, is necessary for the preservation of the public health, comfort and convenience for the areas presently served and proposed to be served by the said Districts;

WHEREAS, contemporaneously with the consumation of the merger, Frankfort Public Service District shall include the following service territory:

> Beginning at a stake in a field, land owned by Fred Siple; thence S. 30° 18' E. a distance of 2263.00 feet to Patterson Creek, crossing said creek same bearing continued a distance of 944.71 feet, total distance of 3207.71 feet to a fence post in right of way line of W. Va. Secondary Road No. 15; thence with said right-of-way line S. 55° 31' W. a distance of 443.99 feet to a stake by a power pole in said right-of-way line; thence, crossing said W. Va. Secondary Road No. 15 and along the property line of The Board of Education, S. 30° 18' E. a distance of 782.85 feet to a concrete Monument, corner to said Board of Education and in property line of Ralph Barnes and Fed Larsen; thence with said Barnes and Larsen S. 71° 56' W. a distance of 229.64 feet to a hickory tree corner of said Barnes and James Allen; thence with said Barnes and Allen and passing a Swamp Oak on other corner of said Barnes and Allen in said Public Service Distance line S. 14° 54' E. a distance of 595.08 feet to an eight inch Black Oak in or near the property line of K. H. Ratcliffe and James Allen; thence S. 28° 21' W. a distance of 1744.00 feet to a stake on a ridge; thence S. 1° 54' W. a distance of 955.65 feet, crossing a deep hollow and ridge to a twenty inch Black Oak on the east side of a ravine; thence down ravine S. 62° 11' W. a distance of 402.77 feet to a point on S. W. Corner of concrete Headwall of Route W. Va. 28; thence crossing Route 28 and up W. Va. Secondary Route 58.5, S. 64° 27' W. a distance of 557.80 feet to a stake on the west side of said Route 28/5; thence with west side of Route 58/5 S. 11° 45' W. A distance of 229.00 feet to an eighteen inch Black Walnut; thence leaving said Route 28/5 S. 63° 43' W. a distance of 1102.34 feet to an eighteen inch Black Oak on a knoll; thence, N. 29° 36' W. a distance of 653.99 feet to a fence post corner to Dowden and Riley in Shanholtz line; thence with Dowden, Stallings and Riley line N. 35° 32' W. a distance

of 1580.09 feet to an eight inch elm near corner of Stallings and in Riley line; thence across Riley's land S. 42° 28' W. a distance of 1069.50 feet to a double Thorn Tree in Bower's line; thence with Bower and Riley N. 35° 25' W., crossing Route W.Va. 46 at 530.00 feet, old Mill Race at 1772.00 feet and Patterson Creek at 3448.00 feet, a distance of 3698.69 feet to three Chestnut Oaks growing from one stump; thence N. 34° 55' E. a distance of 2951.85 feet to a 5 inch Elm on a ridge 325 feet more or less northwest of W. B. Helmick's house; thence N. 43° 29' E. crossing W. Va. Secondary Road No. 28/4, a distance of 1398.27 feet to a fourteen inch Pine on ridge; thence N. 62° 06' E. a distance of 1262.73 feet to an eight inch Hickory Tree; thence S. 85° 01' E., crossing Route W. Va. 28 at the intersection of W. Va. Secondary Route 28/3, a distance of 1517.09 feet to the beginning; containing 1.277 square miles; and

Beginning at the intersection of the Franfort-Cabin Run Magisterial Districts an the North Branch Potomac River thence, northeasterly along river 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 meanders of the river to its intersection with the Mineral-Hampshire County line, thence, southwesterly 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, containing approximately 100 square miles.

The district service area excludes the Town of Ridgeley;

WHEREAS, the Board of Frankfort Public Service District will consider for adoption a resolution on July 10, 2008, approving and ratifying the merger of Fort Ashby Public Service District into Frankfort Public Service District and other provisions related thereto;

WHEREAS, the Board of Fort Ashby Public Service District will consider for adoption a resolution on July 10, 2008, approving and ratifying the merger of Fort Ashby Public Service District into Frankfort Public Service District and other provisions related thereto; and

WHEREAS, it is now deemed desirous by The County Commission of Mineral County to adopt a Resolution and Order ratifying the merger of Fort Ashby Public Service District into Frankfort Public Service District, sanctioning and confirming all lawful actions taken by said Districts and their counsel to effectuate and complete the merger of Fort Ashby Public Service District into Frankfort Public Service District.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by The County Commission of Mineral County as follows:

1. That the merger of Fort Ashby Public Service District into Frankfort Public Service District, as described in the above stated recitals of this Resolution and Order, is hereby ratified, confirmed, and, in all respects deemed completed, contingent upon the following conditions:

(1) The cash assets of the Fort Ashby Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for future repairs, replacements and extensions of its water and sewer systems. The accrued interest from this account remains part of the account.

(2) Frankfort Public Service District shall adopt the Fort Ashby Public Service District's water and sewer tariffs and continue to charge Fort Ashby Public Service District's customers by these tariffs. The Frankfort Public Service District shall maintain a separate financial and statistical account of Fort Ashby Public Service District's water and sewer operations.

(3) After all financial obligations of Fort Ashby Public Service District are met, any surplus cash shall be deposited into the restricted cash account. This applies to both the water and sewer operations of Fort Ashby Public Service District.

(4) Approval by the Frankfort Public Service District to acquire the water and sewer assets of the Fort Ashby Public Service District.

(5) Approval by the Frankfort Public Service District to assume the outstanding water and sewer debt of the Fort Ashby Public Service District.

(6) The Frankfort Public Service District and the Fort Ashby Public Service District obtain approval from their bondholders concerning this acquisition. This applies to the water and sewer operations of both Districts.

(7) The existing customers of the Fort Ashby Public Service District continue to pay the rates and charges currently in effect for that District for a period of eighteen (18) months. This applies to both the water and sewer operations of Fort Ashby Public Service District.

(8) The Frankfort Public Service District apply to the Commission for a rate review eighteen (18) months after the date of the merger. This applies to both the water and sewer operations of both Districts.

(9) The Frankfort Public Service District record the amount of $1,995,324 as the net book value of the Fort Ashby Public Service

District's net water utility plant and $1,340,918 for the net sewer utility plant;

2. That all lawful actions taken by the said Districts and their counsel to effectuate and complete the merger of Fort Ashby Public Service District into Frankfort Public Service District are hereby ratified and confirmed.

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By the Order of The County Commission of Mineral County this 8th day of July, 2008.

THE COUNTY COMMISSION OF
MINERAL COUNTY

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

CH3842752.1

8/19/05

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 19, 2005

FINAL
9-8-05

CASE NO. 05-0255-PSWD-PC

MINERAL COUNTY COMMISSION
Petition for consent and approval of
the merger of the Fort Ashby and Frankfort
Public Service Districts.

RECOMMENDED DECISION

PROCEDURE

On February 25, 2005, the Mineral County Commission (County Commission) filed, pursuant to West Virginia Code §16-13-2, its February 8, 2005 Order, merging the Fort Ashby Public Service District and the Frankfort Public Service District.

On March 14, 2005, Staff Attorney Cecelia Jarrell filed an Initial Internal Memorandum, to which was attached the Initial Internal Memorandum prepared by Mr. Randy Lengyel, Utilities Analyst III, Water and Wastewater Division. Both Districts provide water and sewer service. The Mineral County Commission seeks to establish one public service district, the Frankfort Public Service District, to serve both geographical areas. Staff indicated that the Mineral County Commission's filing did not include two necessary items of information and that, once these were received, Staff would make a recommendation within the time guidelines set by the Commission. Staff recommended that the matter be referred to the Division of Administrative Law Judges for disposition.

On March 15, 2005, Staff filed its First Set of Interrogatories, Data Requests or Requests for Information upon the Mineral County Commission.

By Order dated March 23, 2005, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 23, 2005.

On May 16, 2005, the Mineral County Commission submitted the information requested by Staff in its interrogatories.

By Procedural Order dated May 25, 2005, the Mineral County Commission was directed to file with the Commission a copy of its Order that set its consolidation proposal for the February 8, 2005 public hearing.

On June 6, 2005, the Mineral County Commission filed a copy of its resolution and order proposing the merger of the Fort Ashby and Frankfort

Public Service Districts and setting the date of the public hearing, as directed by the Order of May 25, 2005.

On June 7, 2005, Staff Attorney Cecelia Jarrell filed a Final Joint Staff Memorandum, to which was attached the Final Internal Memorandum prepared by Mr. Randy Lengyel, Utilities Analyst III, Water and Wastewater Division. Staff opined that the merger proposed will result in more efficient and cost-effective operations, allow the consolidation of several functions and stabilize operation and maintenance expense. The Mineral County Commission had submitted documentation regarding its compliance with the requirements of West Virginia Code §16-13A-2.

Commission Staff, upon reviewing the information submitted, provided the following recommendations:

(1) Approval of the Mineral County Commission's petition to merge the Fort Ashby Public Service District water and sewer operations into the Frankfort Public Service District water and sewer operations, contingent upon the Districts' bondholders granting their consent and approval to the acquisition and merger.

(2) The cash assets of the Fort Ashby Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for future repairs, replacement and extensions of its water and sewer systems. The accrued interest from this account remains part of the account.

(3) The new Frankfort Public Service District shall adopt the Fort Ashby Public Service District's water and sewer tariffs and continue to charge the former Fort Ashby customers by these tariffs. The new District shall maintain a separate financial and statistical account of the former Fort Ashby water and sewer operations.

(4) After all financial obligations of Fort Ashby are met, any surplus cash shall be deposited into the restricted cash account as set forth in Recommendation No. 2. This applies to both the water and sewer operations of both Districts.

(5) Approval by Frankfort Public Service District to acquire the water and sewer assets of the Fort Ashby Public Service District.

(6) Approval by Frankfort Public Service District to assume the outstanding water and sewer debt of the Fort Ashby Public Service District.

(7) The Frankfort Public Service District and the Fort Ashby Public Service District obtain approval from their bondholders concerning this acquisition. This applies to both the water and sewer operations of both Districts.

(8) The existing customers of the Fort Ashby Public Service District continue to pay the rates and charges currently in effect for Fort Ashby for a period of 18 months. This applies to both the water and sewer operations of both Districts.

(9) The Frankfort Public Service District apply to the Commission for a rate review 18 months after the Commission issues a Final Order in this case for both the water and sewer operations of both Districts.

(10) The Frankfort Public Service District record the amount of $1,995,324 as the net book value of the Frankfort Public Service District's net water utility plant and $1,340,918 as the net book value for the net sewer utility plant.

By Procedural Order dated June 8, 2005, this matter was set for hearing to be held in Wiley Ford, West Virginia, on July 14, 2005, and the County Commission was ordered to publish a Notice of Hearing.

The hearing was held as scheduled. The Mineral County Commission was represented by Michael Bland, County Coordinator, and by Mr. Wayne Spiggle, Mineral County Commissioner. Commission Staff was represented by Cecelia Jarrell, Esquire. No one appeared in protest to the County Commission's petition. A proper affidavit was submitted reflecting that publication of the Notice of Hearing was made in accordance with the Commission's requirements. The Final Joint Staff Memorandum prepared by Mr. Randy Lengyel was received in evidence as Staff Exhibit No. 1. No other evidence was taken since no one appeared to protest. (Tr. pp. 5-7).

FINDINGS OF FACT

1. The Mineral County Commission filed its February 8, 2005 Order merging the Fort Ashby Public Service District and the Frankfort Public Service District for Commission approval. (See, Order filed February 25, 2005).

2. The Mineral County Commission intends to establish one public service district, the Frankfort Public Service District, to serve both geographical areas for both water and sewer. (See, Initial Joint Staff Memorandum filed March 14, 2005).

3. Commission Staff reviewed the proposal and concluded that the proposed merger will result in a more cost-effective operation. In addition, Staff made nine other recommendations, as set forth on Appendix A to this Order. (See, Final Joint Staff Memorandum filed June 7, 2005; Appendix A, attached to this Order).

4. This matter was set for hearing to be held in Wiley Ford, West Virginia, on July 14, 2005. Said Order also provided that the Mineral County Commission give notice of the hearing once. (See, Order dated June 8, 2005).

5. A proper affidavit of publication was submitted reflecting that the Notice of Hearing was published in accordance with the Commission's requirements in News-Tribune, on July 1, 2005. (See, Affidavit of Publication in case file).

6. At the hearing, no one appeared in protest to the Mineral County Commission's petition. (See, Tr., p. 6).

CONCLUSION OF LAW

Since the Mineral County Commission has given proper notice of the hearing to be held on July 14, 2005, in accordance with the provisions of West Virginia Code §16-13A-2, and no one appeared at the hearing in protest to the Mineral County Commission's petition, and since Commission Staff has reviewed the proposal and concluded that it was reasonable, the February 8, 2005 Order of the Mineral County Commission, merging the Fort Ashby Public Service District and the Frankfort Public Service District, should be approved, subject to the conditions and recommendations set forth in Appendix A to this Order.

ORDER

IT IS, THEREFORE, ORDERED that the February 8, 2005 Order of the Mineral County Commission merging the Fort Ashby Public Service District into the Frankfort Public Service District, be, and the same hereby is, approved, contingent upon the Districts' bondholders granting their consent and approval of the acquisition and merger.

IT IS FURTHER ORDERED that the Mineral County Commission implement the nine (9) recommendations made by Staff in its Final Joint Staff Memorandum of June 7, 2005, as set forth in Appendix A to this Order.

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.

Robert W. Glass
Administrative Law Judge

RWG:dfs
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APPENDIX A

MINERAL COUNTY COMMISSION
CASE NO. 05-0255-PSWD-PC

STAFF RECOMMENDATIONS

(1) The cash assets of the Fort Ashby Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for future repairs, replacements and extensions of its water and sewer systems. The accrued interest from this account remains part of the account.

(2) The new Frankfort Public Service District shall adopt the Fort Ashby Public Service District's water and sewer tariffs and continue to charge Fort Ashby customers by these tariffs. The new District shall maintain a separate financial and statistical account of Fort Ashby's water and sewer operations.

(3) After all financial obligations of Fort Ashby are met, any surplus cash shall be deposited into the restricted cash account. This applies to both the water and sewer operations of Fort Ashby.

(4) Approval by the Frankfort Public Service District to acquire the water and sewer assets of the Fort Ashby Public Service District.

(5) Approval by the Frankfort Public Service District to assume the outstanding water and sewer debt of the Fort Ashby Public Service District.

(6) **The Frankfort Public Service District and the Fort Ashby Public Service District obtain approval from their bondholders concerning this acquisition. This applies to the water and sewer operations of both Districts.**

(7) The existing customers of the Fort Ashby Public Service District continue to pay the rates and charges currently in effect for that District for a period of eighteen (18) months. This applies to both the water and sewer operations of Fort Ashby.

(8) The Frankfort Public Service District apply to the Commission for a rate review eighteen (18) months after the Commission issues a Final Order in this case. This applies to both the water and sewer operations of both Districts.

(9) The Frankfort Public Service District record the amount of $1,995,324 as the net book value of the Fort Ashby Public Service District's net water utility plant and $1,340,918 for the net sewer utility plant.

2/8/05

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EXECUTIVE SECRETARY'S OFFICE

A RESOLUTION AND ORDER RECOMMENDING THE MERGER OF FORT ASHBY AND FRANKFORT PUBLIC SERVICE DISTRICTS

WHEREAS, the County Commission of Mineral County created the Fort Ashby Public Service District, a public corporation, on September 12, 1961 for the purpose of constructing, operating and maintaining a water/sewer system for the residents of the community of Fort Ashby and adjacent areas, and

WHEREAS, the County Commission of Mineral County created the Frankfort Public Service District, a public corporation, on April 15, 1974, for the purpose of constructing, operating and maintaining a water/sewer system for the residents of the Frankfort Taxation District, excluding the area served by the Fort Ashby Public Service District and the incorporated areas of the Town of Carpendale and Town of Ridgeley, and

WHEREAS, the County Commission did by Resolution and Order adopted on January 11, 2005 propose the merger of the Fort Ashby Public Service District with the Frankfort Public Service District and fixed a date for a public hearing on the proposed merger of said Public Service Districts, and in and by said Resolution and Order did provide all persons residing in or owning or having any interest in property in the area of the proposed merger, an opportunity to appear before the County Commission to be heard for and against the merger of said Districts, and

WHEREAS, notice of the public hearing was duly given in the manner provided and required by Chapter 16, Article 13A, Section 2 of the West Virginia Code, as amended, and all interested persons have been afforded an opportunity of being heard for and against the merger of said Public Service Districts, and

WHEREAS, the County Commission, after giving due consideration to public comments received and having previously received letters of support for the proposed merger from the respective Public Service Districts, does now deem it advisable to adopt a Resolution and Order recommending the merger of the Fort Ashby Public Service District with the Frankfort Public Service District.

NOW THEREFORE it is hereby Resolved and Ordered by the County Commission of Mineral County as follows:

Section 1. That the County Commission finds and recommends that the Fort Ashby Public Service District be merged with the Frankfort Public Service District.

Section 2. That the County Commission finds that the merger of the two districts will allow the consolidation of administrative and billing services; provide for more effective use of staff in performing operation and maintenance responsibilities; and reduce or stabilize operation and maintenance costs for individual customers through more efficient provision of service; enhance the District's ability to pursue capital improvement projects and provide a higher level of service for area residents.

Section 3. That the County Commission shall, at such time as the recommended merger is approved by the West Virginia Public Service Commission, appoint a new board to manage the newly merged Frankfort Public Service District. The board of the District shall be increased to five members, appointed from the respective service areas of the District.

Section 4. That the County Clerk is hereby authorized to forward a certified copy of this Resolution and Order to the Executive Secretary of the West Virginia Public Service Commission pursuant to the provisions of Chapter 16, Article 13A, Section 2 of the West Virginia Code, as amended.

Given under my hand this the 8th day of February, 2005.

Cynthia L. Pyles,
President

Attest:

Isaac A. Alt,
County Clerk

Mineral County Commission
PUBLIC HEARING
Merger of Fort Ashby/Frankfort Public Service District
February 8, 2005

President Cindy Pyles, Commissioner Janice LaRue and Commissioner Wayne Spiggle were present for the public hearing. Also present were Isaac Alt, Clerk and Debbie Weasenforth, Deputy Clerk.

President Cindy Pyles opened the floor for discussion for and against the merger between Fort Ashby and Frankfort Public Service Districts. Craig Etchison, resident of Fort Ashby expressed that he was against the merger stating, "The existing system is being run effectively and economically. The merger would cause more debt." Mr. Etchison questioned the commission if the consent one way or another (for/against) would mean a decision as to who was building the new sewer project and he was assured this hearing was for the decision on the merger only.

At this time, Coordinator Mike Bland read written public comments from:

Linda & Gary Durr
Larry Bower
Kolin Jan
Harold Hershberger
Donald Graham
David Welker

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SECRETARY'S OFFICE

Prior to the February 8th public hearing, the commission scheduled two public meetings to obtain public comment. The first meeting was held January 24th at Frankfort High School; the second was held at the Fort Ashby Volunteer Fire Department on February 3rd.

The Commission also received letters of support for the merger from Frankfort and Fort Ashby Public Service District.

With there being no further comments and/or discussion, Commission Wayne Spiggle made a motion to approve the merger of Fort Ashby and Frankfort Public Service District; Commissioner Janice LaRue seconded the motion. Unanimous.

Cynthia Pyles, President
Mineral County Commission

ıte of West Virginia, Mineral County, to-wit:
Be it remembered that on this 8th
y of February, 2005. The
egoing Public Hearing Minutes was
esented in the Office of the Clerk of County
mmission and admitted to record.
Isaac A. Alt
Clerk of County Commission

I, as an officer of the News-Tribune, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Public Service Commission in the case of Notice of Hearing Mineral County Commission Case 05-0255-PSWD-PC vs. _____

a copy whereof is hereto annexed has been published for 1 consecutive day in said NEWS TRIBUNE, the first publication being on the 1st day of, July 2005.

Given under my hand at Keyser this 1st day of July, 2005.

Randy Lewis

Publisher

Publisher's Fee
$19.32

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130 Legal Notices

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

CASE NO. 05-0255-PSWD-PC
MINERAL COUNTY COMMISSION
Petition for consent and approval of the merger of the Fort Ashby and Frankfort Public Service Districts.

NOTICE OF HEARING

On February 25, 2005, the Mineral County Commission filed a petition seeking approval of its February 8, 2005 Order, merging the Fort Ashby Public Service District and the Frankfort Public Service District, in accordance with the provisions of West Virginia Code §16-13A-2.

A hearing is scheduled to be held on this petition at the Wiley Ford Volunteer Fire Department, Spring Street, Wiley Ford, West Virginia, on July 14, 2005, at 9:30 a.m. Any one wishing to protest this petition must appear in person to voice their protest.

MINERAL COUNTY COMMISSION

2/3/05

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SECRETARY'S OFFICE

February 3, 2005
Public Hearing
Proposing the Merger of the Fort Ashby Public Service District with
The Frankfort Public Service District

CALL TO ORDER: 7:00 PM

MEMBERS PRESENT: President Cindy Pyles, Commissioner Janice LaRue and Commissioner Wayne Spiggle. County Clerk, Isaac Alt-County Coordinator, Mike Bland and County Clerk Deputy, Debbie Weasenforth

County Coordinator Mike Bland presented a handout of general information to all those who attended. There were 29 people who attended the public hearing. Mike explained that it had come to the attention of the Commission that the residents of both the Fort Ashby Public Service District and the Frankfort Public Service District can be more cost effectively served through a common Public Service District Board. The Commission issued a resolution and order proposing the merger of the two separate public service districts on January 11, 2005.

Coordinator Bland further explained benefits of the merger as follows:

- Would provide for more efficient and cost effective operations
- Would allow the consolidation of administrative and billing services
- More flexibility in scheduling operations and maintenance staff
- Stabilize operations and maintenance cost by expanding the customer base.
- The larger district would be more competitive in obtaining State and Federal funds to improve and expand services

All those in attendance of the public hearing were extended the opportunity to speak in a public forum to express their opinions either for or against the merger. Several questions were asked. Fort Ashby resident Steve Miller expressed that he felt it was unfair that Fort Ashby would have to subsidize the system at Frankfort. He acknowledges that he didn't know the answer to the current problems but that Fort Ashby had a current sewer system that needed fixed. Mr. Miller pointed out that if the merger were approved, their sewer rates would double and be close to within the top 10% of those statewide yet county wages for citizens do not match the increase.

It was announced that the Commission would be conducting a public hearing on this matter on February 8, 2005 from 1:00-2:00 PM in the Mineral County Commission Meeting Room. All those in attendance were given a public comment sheet to fill out, further expressing their opinions for the Commission to consider and determine the feasibility of the merger.

The public hearing was adjourned at 8:45 PM.

Cynthia Pyles-President
Mineral County Commission

te of West Virginia, Mineral County, to-wit:
Be it remembered that on this 3rd
/ of February, 2005. The
egoing Public Hearing Minutes was
sented in the Office of the Clerk of County
mmission and admitted to record.
Isaac A. Alt
Clerk of County Commission

BOOK 24 PAGE 503

1/26/05

AFFIDAVIT

Comes now your Affiant, Michael C. Bland, County Coordinator of Mineral County, West Virginia and after being duly sworn says as follows:

1. That the attached Notice of Public Hearing proposing the merger of the Frankfort and Fort Ashby Public Service Districts was posted at the following locations on January 26, 2005:

Fort Ashby Post Office
BB&T Bank, Fort Ashby
M&T Bank, Fort Ashby
Fort Ashby Library
FNB Bank, Fort Ashby
Mountaineer Mart, Short Gap
Old Furnace Restaurant, Short Gap
Old Furnace Store, Short Gap
Wiley Ford Post Office
Blankenships Store, Wiley Ford

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W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Further the Affiant saith not

Michael C. Bland

State of West Virginia,
County of Mineral, to-wit:

I, Michael C. Bland, named in the foregoing Affidavit, being by me first duly sworn, upon his oath deposes and says that the facts and allegations contained herein are true except so far as they are herein stated to be upon information, he believes them to be true.

Michael C. Bland

Taken, sworn to and subscribed before me by the said Michael C. Bland, this 23rd day of February, 2005.

My Commission Expires: July 11, 2010

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DORIS R. GODDARD
150 ARMSTRONG ST
KEYSER WV 26726
My Commission Expires July 11, 2010

NOTICE OF PUBLIC HEARING ON ACTION OF
THE MINERAL COUNTY COMMISSION PROPOSING THE MERGER OF
THE FORT ASHBY PUBLIC SERVICE DISTRICT WITH
THE FRANKFORT PUBLIC SERVICE DISTRICT
AS PROVIDED FOR IN CHAPTER 16, ARTICLE 13A
OF THE WEST VIRGINIA CODE, AS AMENDED

Notice is hereby given that the County Commission of Mineral County, West Virginia, will hold a public hearing on the advisability of merging the Fort Ashby Public Service District with the Frankfort Public Service District, public corporations serving portions of Mineral County, West Virginia. All residents are hereby notified that the Mineral County Commission, upon its own motion, has instituted this action for the purpose of improving and expanding water and/or sewer services to the areas served by the said Districts. The date of creation and respective service areas are as follows:

The County Commission of Mineral County created the Fort Ashby Public Service District, a public corporation, on September 12, 1961, for the purpose of constructing, operating and maintaining water/sewer systems for the residents of the community of Fort Ashby and adjacent areas, and

The County Commission of Mineral County created the Frankfort Public Service District, a public corporation, on April 15, 1974, for the purpose of constructing, operating and maintaining water/sewer systems for the residents of the Frankfort Taxation District, excluding the area served by the Fort Ashby Public Service District and the incorporated areas of the Town of Carpendale and the Town of Ridgeley.

Note: The intent of this action is to establish one public service district, the Frankfort Public Service District, to serve both of the above described areas.

You are further advised that all persons residing in or owning or having an interest in property in either the Fort Ashby Public Service District or Frankfort Public Service District shall have the opportunity to be heard for or against the proposed merger. The County Commission shall at that time consider and determine the feasibility of the merger of said Public Service Districts. Said hearing shall be conducted on February 8, 2005 at 1:00 PM, at the County Commission Meeting Room, Mineral County Courthouse, 150 Armstrong Street, Keyser, West Virginia, at that time all parties are advised to be present and to be heard.

Respectfully notified this the 24th day of January, 2005.

Isaac A. Alt, Clerk
Mineral County Commission

I, as an officer of the News-Tribune, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Notice of Public Hearing in the case of Merger of Fort Ashby and Frankfort Public Service vs. Districts

a copy whereof is hereto annexed has been published for 1 consecutive day in said NEWS TRIBUNE, the first publication being on the 24th day of, January 2005.

Given under my hand at Keyser this 24th day of January, 2005.

NOTICE OF PUBLIC HEARING
On Action of the Mineral County Commission Proposing the Merger of The Fort Ashby Public Service District with the Frankfort Public Service District as Provided for the Chapter 16; Article 13A of the West Virginia Code, As Amended

Notice is hereby given that the County commission of Mineral County, West Virginia, will hold a public hearing on the advisability of merging the Fort Ashby Public Service District with the Frankfort Public Service District, public corporations serving portions of Mineral County, West Virginia. All residents are hereby notified that the Mineral County Commission, upon its own motion, has instituted this action for the purpose of improving and expanding water and/or sewer services to the areas served by the said Districts. The date of creation and respective service areas are as follows:

The County Commission of Mineral County created the Fort Ashby Public Service District, a public corporation, on September 12, 1961, for the purpose of constructing, operating and maintaining water/sewer systems for the residents of the community of Fort Ashby and adjacent areas, and

The County Commission of Mineral County created the Frankfort Public Service District, a public corporation, on April 15, 1974, for the purpose of constructing, operating and maintaining water/sewer systems for the residents of the Frankfort Taxation Dis-

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1/24/05

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January 24, 2005
Public Hearing
Proposing the Merger of the Fort Ashby Public Service District with
The Frankfort Public Service District

CALL TO ORDER: 7:00 PM

MEMBERS PRESENT: President Cindy Pyles. Commissioner Janice LaRue and Commissioner Wayne Spiggle. County Clerk, Isaac Alt-County Coordinator, Mike Bland and County Clerk Deputy, Debbie Weasenforth

County Coordinator Mike Bland presented a handout of general information to all those who attended. There were 18 people who attended the public hearing. Mike explained that it had come to the attention of the Commission that the residents of both the Fort Ashby Public Service District and the Frankfort Public Service District can be more cost effectively served through a common Public Service District Board. The Commission issued a resolution and order proposing the merger of the two separate public service districts on January 11, 2005.

Coordinator Bland further explained benefits of the merger as follows:

- Would provide for more efficient and cost effective operations
- Would allow the consolidation of administrative and billing services
- More flexibility in scheduling operations and maintenance staff
- Stabilize operations and maintenance cost by expanding the customer base
- The larger district would be more competitive in obtaining State and Federal funds to improve and expand services

All those in attendance of the public hearing were extended the opportunity to speak in a public forum to express their opinions either for or against the merger. Although several questions were asked, no one expressed an interest in speaking openly. It was announced that there would be another public hearing on February 3, 2005 at 7:00 PM to be held at the Fort Ashby Volunteer Fire Department and the final hearing to be held on February 8, 2005 at 1:00 PM in the Mineral County Commission Meeting Room. All those in attendance were given a public comment sheet to fill out, further expressing their opinions for the Commission to consider and determine the feasibility of the merger.

The public hearing adjourned at 7:54 PM.

State of West Virginia, Mineral County, to-wit:
Be it remembered that on this 24th day of January, 2005. The foregoing Public Hearing Minutes was presented in the Office of the Clerk of County Commission and admitted to record.
Isaac A. Alt
Clerk of County Commission

Cynthia Pyles-President
Mineral County Commission

2/9/04

FRANKFORT PUBLIC SERVICE DISTRICT
P.O. BOX 80
WILEY FORD, WEST VIRGINIA 26767
PHONE 304-738-9552 FAX 304-738-9552
OFFICE: RT. 28, KNOBLEY ESTATES

February 9, 2004

Mineral County Commission

Re: Merger or Consolidation of Frankfort and Fort Ashby P.S.D.s and acceptance of Regional Sewer System.

Frankfort P.S.D. board members agree that in the best interest of the residents to be served by the proposed Northern Mineral County Regional Sewer System it would improve effeciency and cost effectiveness to combine Fort Ashby and Frankfort P.S.D.s into one P.S.D. employing a knowledgeable engineering manager. It is our recommendation that current employees of both P.S.D.s suffer no loss of jobs or benefits due to this proposed consolidation.

It is further recommended by F.P.S.D. board members that the commission proceed with the facitlity plan for the above regional sewer system so long as sufficient funding can be obtained to ensure that the monthly average rate for 4500 gallons not exceed $34.00.

The average rate of $34.00 is based on two facts: (1) When the commission originally requested a feasibility study, F.P.S.D. said to proceed if anticipated rates would not exceed those of Wiley Ford which went in service in Sept. 2001 with an average monthly rate of $32.00. (2) We are told that the rate is based on family median income which in turn determines the amount of grants obtainable and that the Wiley Ford rate was based on the 1990 census. The Mineral County family median income from 1990 to 2001increased only 4.8% which could possibly, if being very liberal, justify an increase of $1.54 on the Wiley Ford average rate of $32.00. In addition the city of St. Albans, W.V., among other, put a new system in service in Oct. 2001 with an average monthly rate of $28.70.

We realize this proposed sewer system is needed, we want it, and nothing short of a national or world holocaust will stop it, but we sincerely request that our county, state, and federal representatives of "we the people" use good judgement and consideration in the allocation of funding to keep the customers monthly bills somewhat affordable, fair and just. The desire is to provide an

environment that people will want to move into rather than move out.

Thank you and may God bless you with wisdom and integrity.

Sincerely,

Hugh H. Fulton

Treasurer F.P.S.D.

HHF/bw

cc:

Senator Robert Byrd
Senator Jay Rockefeller
Rep. Alan Mollohan
Gov. Bob Wise
Senator Jon B. Hunter
Senator Sarah Menear
Del. Allan Evans
Del. Bob Schadler
De. Jerry Mezzatesta

such office, and he is a person of good moral character, and the same is approved.

GEORGE A. HARTMAN-NOTARY APPLICATION--Upon the application of George A. Hartman for appointment as Notary Public in and for the County of Mineral, it was shown to the satisfaction of this court that said applicant is a resident of the County from whic h he seeks appointment, that he is competent to perform the duties of such office, and he is a person of good moral character, and the same is approved.

ALL EXONERATION, SETTLEMENTS AND APPRAISEMENT WERE APPROVED.

SHEEP CLAIMS-W. M. EISENHOUR--The sheep claim of W. M. Eisnehour was reviewed and upon checking the Assessor's office the sheep had been assessed at the same amount he had turned in. Charles A. Bonar made the motion to pay the amount of $240.00, seconded by Brooks O. Evans.

ELECTION OFFICIALS--The Republican and Democratic Election officials were presented, reviewed and accepted for the letters to be mailed.

NOTARY CERTIFICATE-FRED M. BOYLES--The Notary Certificate of Fred M. Boules, Upsur County, was approved.

WILLIAM WAGELEY-COMMITTEE FOR R. LEE ALLEN--William Wageley, along with Attorney Charles Smith appeared before the County Court for the Committee Appointment of R. Lee Allen. After discusing and reviewing the matter William Wageley was appointed Committee for R. Lee Allen, bond being in the amount of $50,000.00.

FRANKFORT PUBLIC SERVICE DISTRICT-CREATION--The County Court this day approved the following Order for the creation of Frankfort Public SErvice District.

IN THE COUNTY COURT OF MINERAL COUNTY, WEST VIRIGNIA

IN THE MATTER OF

CREATION OF FRANKFORT PUBLIC SERVICE DISTRICT

ORDER

On this the 15th day of April, 1974, at the regular April session of the County Court of Mineral County, West Virginia, this Honorable Court, after first having published notice of a hearing on the creation of a public service district as required by law, and after conducting a hearing thereon on Friday, March 15, 1974, 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 Frankfort Public Service District which is more particularly described as follows:

> Beginning at the intersection of the Frankfort-Cabin Run Magisterial District and the North Branch Potomac River thence, northeasterly along river 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 meanders of the riverto its intersction with the Mineral-Hampshire County line, thence, southwesterly 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, containing approximately 100 square miles.
>
> The district service area excludes the town of Ridgeley and the Fort Ashby Public Service District.

J. R. Haines

J. R. Haines, President

RE: CARL H. JOHNSON--NOTARY BOND--The Notary Bond of Carl H. Johnson, was approved in the amount of $300.00 with Delsie E. Johnson as his surety.

RE: EDWARD A McGRADY--NOTARY BOND--The Notary Bond of Edward A. McGrady was approved in the amount of $300.00 with Margaret H. McGrady as his surety.

RE: NORA L. KIMBLE--NOTARY BOND--The Notary Bond of Nora L. Kimble was approved in the amount of $300.00

7/11/61

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W. VA. SECRETARY OF STATE
SECRETARY'S OFFICE

EXONERATIONS

The court examined the applications for correction of erroneous assessments, and the same are approved.

James L. Bauer
Charles R. Biser
Clinton Boyce
James P. Broome
Dice Crites
Harry J. or Mary Dawson
Calvin Flanagen
Richard Fridley
Paul K. Hoover
Claude M. Keplinger
Jacob F. Litten
William R. Perry, Jr.
Richard O. Riley
Joseph F. Senn
Charles E. Shears

- -

FORT ASHBY PUBLIC SERVICE DISTRICT *

IN THE COUNTY COURT OF MINERAL COUNTY, WEST VIRGINIA

In Re: CREATION OF A PUBLIC SERVICE DISTRICT

On this the 11th day of July, 1961, at a regular July session of the County Court of Mineral County, West Virginia, there came before this honorable court then sitting for determination the creation of a Public Service District for the area of Fort Ashby in Frankfort District of Mineral County, West Virginia, and the Court then considered the request of interested persons in this area designated as a steering committee for the creation of a Public Service District which request in the form of a report was presented at the regular June session of this said County Court and upon due consideration of this matter the County Court feels that the creation of the Fort Ashby Public Service District will be conducive to the preservation of public health, comfort and convenience of this area.

2. WHEREFORE, the County Court of Mineral County, West Virginia, of its own motion, duly moved, seconded and approved, and by this order duly adopted does propose the creation of the Fort Ashby Public Service District which will include the general area of the Town of Fort Ashby in Frankfort District of Mineral County, West Virginia, a more particular description as follows:

Beginning at a stake in a field, land owned by Fred Siple; thence S. 30° 18' E. a distance of 2263.00 feet to Patterson Creek, crossing said creek same bearing continued a distance of 944.71 feet, total distance of 3207.71 feet to a fence post in right of way line of W. Va. Secondary Road No. 15; thence with said right-of-way line S. 55° 31' W. a distance of 443.99 feet to a stake by a power pole in said right-of-way line; thence, crossing said W. Va. Secondary Road No. 15 and along the property line of The Board of Education, S. 30° 18' E. a distance of 782.85 feet to a concrete Monument, corner to said Board of Education and in property line of Ralph Barnes and Fred Larsen; thence with said Barnes and Larsen S. 71° 56' W. a distance of 229.64 feet to a hickory tree corner of said Barnes and James Allen; thence with said Barnes and Allen and passing a Swamp Oak on other corner of said Barnes and Allen in said Public Service District line S. 14° 54' E. a distance of 595.08 feet to an eight inch Black Oak in or near the property line of K. H. Ratcliffe and James Allen; thence S. 28° 21' W. a distance of 1744.00 feet to a stake on a ridge; thence S. 1° 54' W. a distance of 955.65 feet, crossing a deep hollow and ridge to a twenty inch Black Oak on the east side of ~~a ravine; thence down ravine~~ S. 62° 11' W. a distance of 402.77 feet to a point on S.W. corner of concrete Headwall of Route W.Va. 28; thence crossing Route 28 and up W.Va. Secondary Route 28.5, S. 64°27' W. a distance of 557.80 feet to asstake on the west side of said Route 28/5; thence with west side of said Route 28/5 S. 11° 45' W. a distance of 229.00 feet to an eighteen inch Black Walnut; thence leaving said Route 28/5 S. 63° 43' W. a distance of 1102.34 feet to an eighteen inch Black Oak on a knoll; thence, N. 29° 36' W. a distance of 653.99 feet to a fence post corner to Dowden and Riley in Shanholtz line; thence with Dowden, Stallings and Riley line N. 35° 32' W. a distance of 1580.09 feet to an eight inch elm near corner of Stallings and in Riley line; thence across Riley's land S. 42° 28' W. a distance of 1069.50 feet to a double Thorn Tree in Bower's line; thence with Bower and Riley N, 35° 25' W., crossing Route W.Va. 46 at 530.00 feet, old Mill Race at 1772.00 feet and Patterson Creek at 3448.00 feet, a distance of 3698.69 feet to three Chestnut Oaks growing from one stump; thence N. 34° 55' E. a distance of 2951.85 feet to a 5 inch Elm on a ridge 325 feet more or less northwest of W. B. Helmick's house; thence N. 43° 29' E. crossing W.Va. Secondary Road No. 28/4, a distance of 1398.27 feet to a fourteen inch Pine on ridge; thence N. 62° 08' E. a distance of 1262.73 feet to an eight inch Hickory Tree; thence S. 85° 01' E., crossing Route W.Va. 28 at the intersection of W.Va. Secondary Route 28/3, a distance of 1517.09 feet to the beginning; containing 1.277 square miles

The County Court does hereby set Tuesday, the 8th day of August, 1961, at the hour of 11:00 a.m. D.D.T. at the Court House in Keyser, Mineral County, West Virginia, for a hearing on the creation of the Fort Ashby Public Service District and does ORDER the Clerk of this Court to publish notice of this hearing in the Mineral Daily News Tribune.

O. A. Harman, President

- -

COLLECTIONS

The County Clerk reports that he has received the following amounts due the County, and the same have been turned over to the Sheriff to be deposited in the General County Fund:

Department of Public Safety, State Police Office Rent for May, 1961	25.00
Treasurer of the United States, Office Rent Internal Reveme June 1961	35.00
County Farm Rental	562.50
City of Keyser, City Prisoners for mohth of May 1961	29.00

- -

BILLS PAID

The following bills were examined, approved and ordered paid:

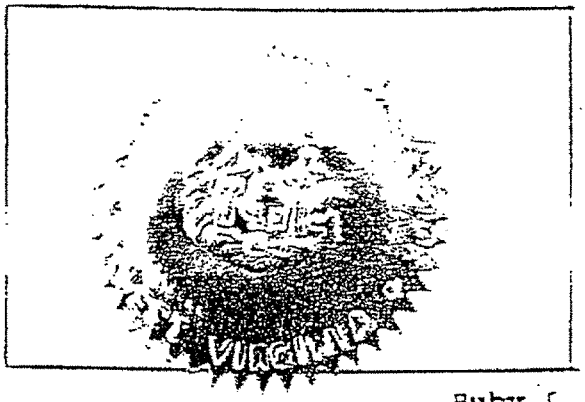
Social Security Contribution Fund	598.47	5960
Harry O. Rogers, Postmaster	40.00	5961
C: and A. Gas Company	48.19	5962
Potomac Light & Power Company	174.85	5963
O. A. Harman	18.00	5964
John H. Bane	18.00	5965
Frank J. Shreve	18.00	5966
The C & P Telephone Co.	163.88	5967

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, 1997

Ruby L. Staggs
Clerk of the County Commission

By Barbara T. Fincher

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. Jordon 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.

J. R. Haines
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.

[redacted]--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, thance, 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 Caily New Tribune at least ten (10) days before the date of hearing and shall be posted in five conspicous places in Frankfort District.

MUSICAL FESTIVAL--George Barger appeared before the Court on behalf of Charles P. Simpson from Cocaresville, 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 the Mastellar Coal Company, Deep Mine, Strip Mine and Typle. 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 Masteller Coal Company appeared before the Board of Review and Equalization on February 14, 1974 to lodge protest to appraisal values of aforementioned Masteller 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.

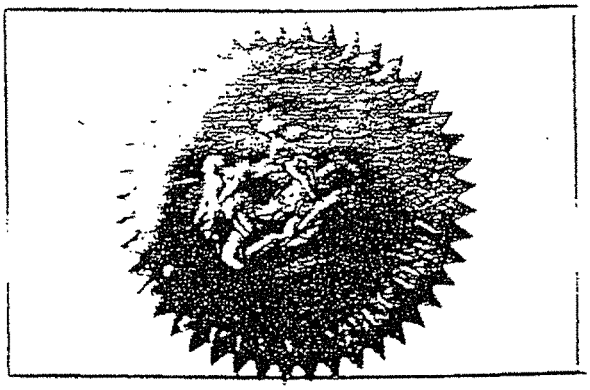
And it appearing to the Court that at a prior session of this Court an order was entered on the 11th day of December, 1973, directing the President of the Court to assemble data concerning the advisability of re-locating and re-establishing the boundary lines of the several voting precincts of Mineral 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. Lewis

such office, and he is a person of good moral character, and the same is approved.

GEORGE A. HARTMAN-NOTARY APPLICATION--Upon the application of George A. Hartman for appointment as Notary Public in and for the County of Mineral, it was shown to the satisfaction of this court that said applicant is a resident of the County from whic h he seeks appointment, that he is competent to perform the duties of such office, and he is a person of good moral character, and the same is approved.

ALL EXONERATION, SETTLEMENTS AND APPRAISEMENT WERE APPROVED.

SHEEP CLAIMS-W. M. EISENHOUR--The sheep claim of W. M. Eisnehour was reviewed and upon checking the Assessor's office the sheep had been assessed at the same amount he had turned in. Charles A. Bonar made the motion to pay the amount of $240.00, seconded by Brooks O. Evans.

ELECTION OFFICIALS--The Republican and Democratic Election officials were presented, reviewed and accepted for the letters to be mailed.

NOTARY CERTIFICATE-FRED M. BOYLES--The Notary Certificate of Fred M. Boules, Upsur County, was approved.

WILLIAM WAGELEY-COMMITTEE FOR R. LEE ALLEN--William Wageley, along with Attorney Charles Smith appeared before the County Court for the Committee Appointment of R. Lee Allen. After discusing and reviewing the matter William Wageley was appointed Committee for R. Lee Allen, bond being in the amount of $50,000.00.

[redacted]-The County Court this day approved the following Order for the creation of Frankfort Public SErvice District.

IN THE COUNTY COURT OF MINERAL COUNTY, WEST VIRIGNIA

IN THE MATTER OF

CREATION OF FRANKFORT PUBLIC SERVICE DISTRICT

ORDER

On this the 15th day of April, 1974, at the regular April session of the County Court of Mineral County, West Virginia, this Honorable Court, after first having published notice of a hearing on the creation of a public service district as required by law, and after conducting a hearing thereon on Friday, March 15, 1974, 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 Frankfort Public Service District which is more particularly described as follows:

> Beginning at the intersection of the Frankfort-Cabin Run Magisterial District and the North Branch Potomac River thence, northeasterly along river 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 meanders of the riverto its intersction with the Mineral-Hampshire County line, thence, southwesterly 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, containing approximately 100 square miles.
>
> The district service area excludes the town of Ridgeley and the Fort Ashby Public Service District.

J. R. Haines

J. R. Haines, President

RE: CARL H. JOHNSON--NOTARY BOND--The Notary Bond of Carl H. Johnson, was approved in the amount of $300.00 with Delsie E. Johnson as his surety.

RE: EDWARD A McGRADY--NOTARY BOND--The Notary Bond of Edward A. McGrady was approved in the amount of $300.00 with Margaret M. McGrady as his surety.

RE: NORA L. KIMBLE--NOTARY BOND--The Notary Bond of Nora L. Kimble was approved in the amount of $300.00 with James L. Kimble as her surety.

RE: CARL R. LUDWICK--NOTARY BOND--The Notary Bond of Carl R. Ludwick was approved in the amount of $300.00 with Charles D. Ludwick as his surety.

RE: PARK AND RECREATION-AUTHORITY--Mr. Ty Epling with Parks and Recreation met with the Court to discuss how much authority he had to go ahead with the Parks and Recreation Program. The County Court advised him they

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 determins that such public health, comfort and conveniece 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 particulary shown on a map prepared by VTN, 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. [illegible] D.....
President

Carpendale Public Service District Commission - Members. The following persons were appoint 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

ORDER

On this the 2nd 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

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YSER, WV 26726-0678

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 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 aurthorized 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

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KEYSER, WV 26726-0676

BOOK 253 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 2nd day of January, 1990.

RUBY STAGGS, CLERK
COUNTY COMMISSION

Charles L. Logsdon, President

Stephen C. Sluss, Commissioner

Robert D. Harman, Commissioner

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& WEBB
ATTORNEYS AT LAW
TSER, WY 26726-0878

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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
TSER, WV 26726-0676

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 2nd day of January, 1990.

Lilly L. Staggers
Clerk County Court
(County Commission)

Charles L. Logsdon, President

Stephen C. Sluss, Commissioner

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 Court Order with the certificate thereto annexed, was presented in the Office of the Clerk of the County Commission and admitted to record.

BETTY STAGGS
Clerk County Commission

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 92245-89

STAGGERS
& WEBB
TTORNEYS AT LAW
RSER, WV 26726-0676

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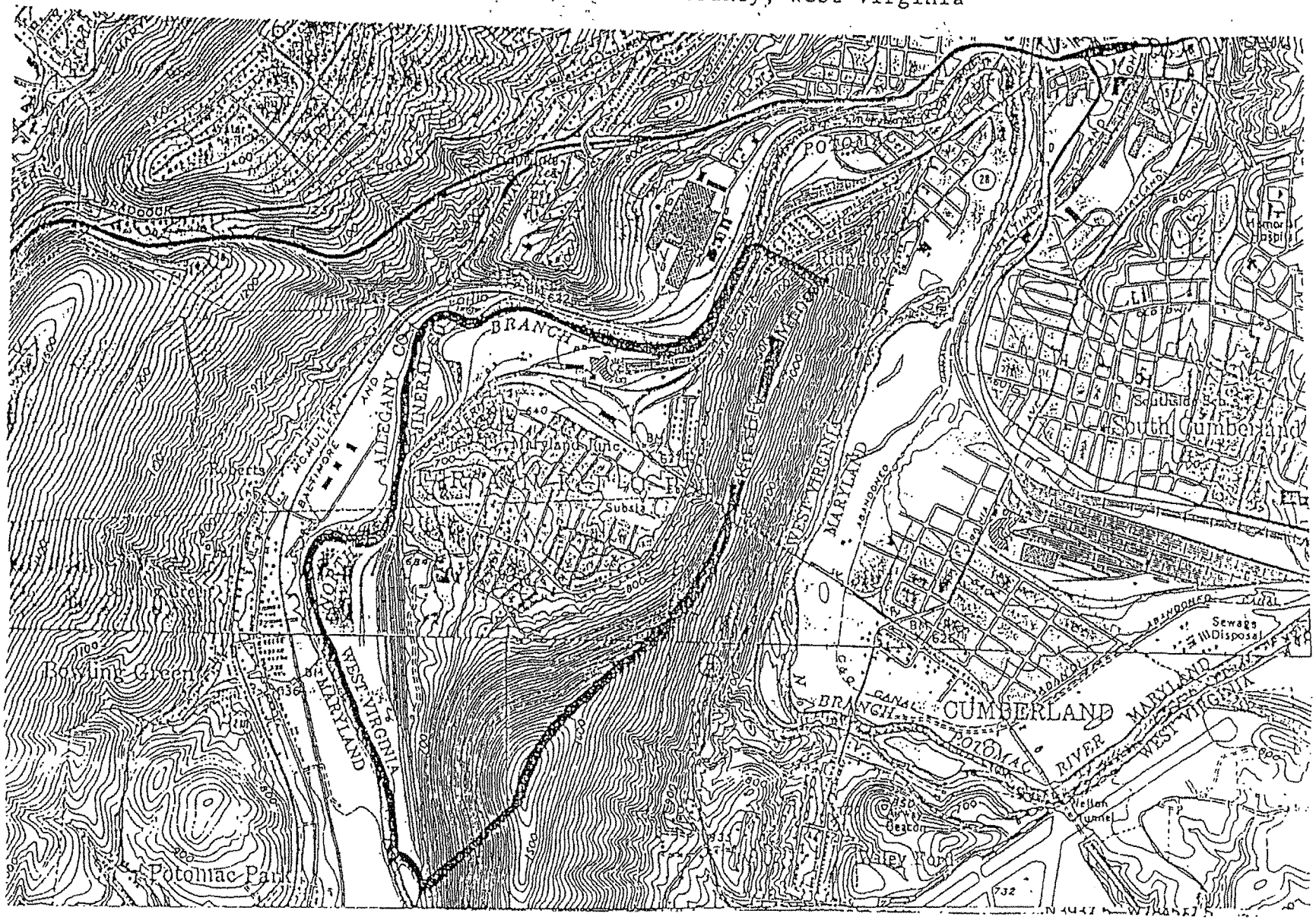
TOWN OF CARPENDALE

Frankfort District, Mineral County, West Virginia



Scale 1" = 2000'

Date: August 30, 1989

VANSCOY ENGINEERING & SURVEYING

To: Honorable Shelley Moore Capito - North/South Appalachian Highway Coalition
A letter was sent to the Honorable Shelley Moore Capito requesting that she support efforts to remove the prohibition on Appalachian Regional Commission states from using their "toll credits" on Appalachian Development Highway System Projects. Her support in the Senate is respectfully requested as a co-sponsor of S 950 which will remove the current prohibition on the usage of toll credits for ADHS projects. The Commission also requested her efforts in encouraging additional ARC state Senatorial representatives to co-sponsor this bill. If successful, this will help facilitate the three-state North/South Appalachian Corridor Project in our region and provide equity for ARC states.

To: Honorable Nick Rahall- North/South Appalachian Highway Coalition
A letter was sent to the Honorable Nick Rahall requesting that he support efforts to remove the prohibition on Appalachian Regional Commission states from using their "toll credits" on Appalachian Development Highway System Projects. His support in the Senate is respectfully requested as a co-sponsor of S 950 which will remove the current prohibition on the usage of toll credits for ADHS projects. The Commission also requested his efforts in encouraging additional ARC state Senatorial representatives to co-sponsor this bill. If successful, this will help facilitate the three-state North/South Appalachian Corridor Project in our region and provide equity for ARC states.

To: Rodney Leatherman- Board of Health Reappointment
A letter was sent to Rodney Leatherman informing him of the Commission's approval of his reappointment to the Mineral County Board of Health effective until June 30, 2016.

To: Mineral County Board of Health- Member Reappointment/ Rodney Leatherman
A letter was sent the Mineral County Board of Health informing them of the Commission's approval of the reappointment of Rodney Leatherman to the Mineral County Board of Health effective until June 30, 2016.

Old Business:
Mineral County Sheriff- Part Time/ Full Time Employee for Tax Office
A letter was received from Mineral County Sheriff Craig Fraley on the June 14, 2011 Commission Meeting requesting that the Commission approve the hiring of either a part-time or full-time employee for the Tax Office. This item of business is carried over to the July 12, 2011 Commission meeting.

Special Primary Election Reimbursement
County Clerk Lauren Ellifritz submitted the invoice for the cost of the Special Primary Election held May 14, 2011 in the amount of $34,656.49 to be reimbursed from the West Virginia Secretary of State's Office.

Airport Authority Member Reappointment
For the June 14, 2011 Commission meeting, the Potomac Highlands Airport Authority submitted a letter requesting that the Commission approve the reappointment of John Felton and Terry Malone to three year terms on the Potomac Highlands Airport Authority Board of Directors. Attached to the correspondence were letters from John Felton and Terry Malone expressing their desire to be reappointed to the Airport Authority. Since that time, there was a notice published in the newspaper requesting letters from parties interested in serving on the Airport Authority. There have been no further letters received. Commissioner Lechliter made a motion to reappoint Terry Malone and John Felton to the Airport Authority for three year terms to begin July 1, 2011. Commissioner LaRue made a second to the motion. Motion passed.

New Business:
Reappointment of Members to Frankfort PSD
Letters were received from Jeff Adams and Douglas L. Brelsford expressing their desire to be reappointed to the Frankfort Public Service District. Commissioner Lechliter made a motion to reappoint Jeff Adams and Douglas Brelford to the Frankfort Public Service District for three year terms to begin July 1, 2011. Commissioner LaRue made a second to the motion. Motion passed.

Office of the Sheriff- Overtime Reimbursement
Mineral County Sheriff Craig Fraley submitted a copy of the Overtime Reimbursement that has been collected and deposited into the General County Fund for a total amount of

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State of West Virginia, County of Mineral
I, do hereby certify that the foregoing is a true copy of 6-28-2011 Comm. Mtg recorded in book 26 Pages 476-476 in the Mineral County Records.
(seal) Lauren Ellifritz, Clerk
Mineral County Commission
Date 12-13-2013 By:

MINERAL COUNTY COMMISSION

MINUTES

July 28, 2009, Regular Meeting

A regular meeting of the Mineral County Commission will be held at the Courthouse on Tuesday July 28, 2009 at 4:30 p.m. for the purpose of transacting any business that may come before the Commission.

A complete copy of the agenda is available to interested parties in the County Clerk's Office.

Given under my hand the 23rd day of July 2009.

Lauren TP Ellifritz, Clerk
Mineral County Commission

Pursuant to this notice, which was posted by law, the Mineral County Commission met in regular session July 28, 2009 at 4:30 p.m. in the Commission Room of the Mineral County Courthouse.

Pledge of Allegiance

Devotions:
County Coordinator Michael Bland gave devotions.

Members Present:
Commission President Wayne Spiggle, Commissioner Cindy Pyles, Commissioner Janice LaRue, County Coordinator Michael Bland, County Clerk Lauren Ellifritz, Assessor Rose Ann Maine and Code Enforcement Officer James Endler were in attendance.

Call to Order: 4:30 p.m.

Minutes From Previous Meeting:
Commissioner Pyles made a motion to approve the minutes from the July 14, 2009 commission meeting with corrections. Commissioner LaRue made a second to the motion. Minutes approved.

Accounts Payable:
Commissioner LaRue made a motion to approve the accounts payable as presented. Commissioner Pyles made a second to the motion. Approved as presented.

Exonerations: None

Estates:
Appraisements

Joseph Edmund Duda, Estate	Joseph Michael Duda, Exec
Victor Elmer Layton, Estate	Mary Ellen Layton, Execx
Sandra Kay Dolly, Estate	Marchie L. Dolly, Sr., Admr
George Robert Woods, Estate	Edward L. Woods, Admr
Eleanor Maxine Anderson, Estate	Harold Dean Nofsinger, Exec
Mary M. Morrissey, Estate	Sue Anna Collins, Execx
Theresa C. Shuck, Estate	Jean M. Simpson, Debra A. Grubb, Gerri L. Silvious, Co/Execx

Commissioner Pyles made a motion to approve the Estate Appraisements as presented. Commissioner LaRue made a second to the motion. Unanimously approved.

Correspondence:

The Greater Cumberland Committee (TGCC) – Re: North South Appalachia Corridor

A letter dated July 17, 2009 from Colleen Peterson, Executive Director of The Greater Cumberland Committee (TGCC), was discussed. TGCC requests that the Mineral County Commission communicate to the Maryland Department of Transportation (MDOT) the value of the North South Appalachia Corridor project and encourage MDOT to support the wise utilization of TIGER funds in Maryland that could successfully complete the replacement of the Keyser-McCoole bridge and the initial environmental impact study. Commissioner Spiggle suggested that the Development Authority prepare the letter for the commission's approval and signing. Commissioners Pyles and LaRue feel that any letter approved and signed by the commission should be prepared by the commission. No one wants to do anything that will jeopardize or delay the building of the Keyser/McCoole Bridge. More information is needed. Commissioner Pyles made a motion to defer this issue until the next commission meeting. Commissioner LaRue made a second to the motion. Motion unanimously approved.

Allegany County Board of Commissioners – RE: TIGER Discretionary Grant

Commissioner Pyles made a motion to defer this issue until the next commission meeting. Commissioner LaRue made a second to the motion. Motion unanimously approved.

City of Keyser – Appointment to Mineral County Development Authority

Keyser Mayor William Sonny Rhodes submitted three names for consideration to the Mineral County Development Authority as the City of Keyser's representative. Mr. David Sowers was recommended by the Mayor. At a special meeting of the Keyser City Council, held on July 6, 2009, the Council unanimously voted for Mr. David Sowers as the Council's choice. Commissioner Pyles made a motion to accept the Mayor and Council's choice of Mr. David Sowers as an appointment to the Mineral County Development Authority. Commissioner LaRue made a second to the motion. Motion unanimously passed.

WV State Auditor – County Commission In-service Training

The State Auditor's in-service training program for all County Commissioners will be held on August 2-4, 2009 at the Resort at Glade Springs in Daniels, WV. A tentative agenda has been prepared. Correspondence reviewed and ordered filed.

Curtis Perry – Reference Wind Mill Farms

In a letter dated July 22, 2009 Curtis Perry asked the commission to start a process of setting forth ordinances, regulations, bonding, impact fees or other plans that have governing authority that support the communities of Mineral County by establishing another taxable resource the wind mill corporations have freely become owner of. He feels we must establish airspace taxes and impact fees. Commissioner Spiggle has already responded to this letter via email and telephone. This was an open letter that was published in the newspaper. Letter discussed and ordered filed.

Commission Ordered Correspondence:

Letter to Corp of Engineers – Reference Hydro Solutions

This issue will be deferred to the August 25, 2009 meeting.

Old Business:

Status of Statement of Claim – Dougherty

The claim filed by the Dougherty's in reference to property that was purchased through a writ of execution is still being worked on. The Dougherty's would prefer a clear deed to the property. A final resolution to the situation has not been determined.

Reimbursement to Heather & Jason Imes

At the July 14, 2009 Commission Meeting a motion was made and unanimously passed to pay Heather and Jason Imes approximately $1,000 for reimbursement for a property that they purchased under a writ executed by former Sheriff Gary White. Documentation has now been provided by the Imes Attorney Nelson M. Michael showing the full amount to be $1,502.60. It is the recommendation of Prosecuting Attorney James W. Courrier, Jr. to pay the full amount with a check being issued to Heather Imes and Nelson M. Michael. Since this was previously approved to be paid, there is no objection of the commissioners to pay the full amount due the Imes.

Exotic Entertainment Ordinance
A draft of an Ordinance, Regulating Businesses Offering Exotic Entertainment and Sexually Oriented Materials, was presented for the commissioners review. The issue was previously discussed in executive session and changes were made to the ordinance. The commissioners will review the ordinance and it will be discussed at the August 25, 2009 meeting.

Detention Center
Tabled until the Sheriff is ready to give a report.

911 Organizational Structure
Issue to be discussed in executive session.

New Business:
Referral to Planning Commission – Wind Farm Regulations
Commissioner Spiggle prepared a letter to be sent to the Mineral County Planning Commission asking them to look at Wind Farm Regulations. Commissioner Pyles was concerned with giving that Commission something they can't act on. Commissioner Spiggle wants them to review it to decide if it should be added to the comprehensive plan for the county. Commissioner LaRue made a motion that the letter be referred to the Planning Commission for review to determine if it should be added to the comprehensive plan for the County. Commissioner Pyles made a second to the motion. Motion unanimously passed.

Reappointment of Gerald Frantz & Paul Corwell – Frankfort PSD
The current terms, on the Frankfort Public Service District, for Gerald Frantz and Paul Corwell expired on June 30, 2009. It is requested that they be reappointed for another term. Commissioner LaRue made a motion that Gerald Frantz and Paul Corwell be reappointed to the Frankfort Public Service District for an additional term. Commissioner Pyles made a second to the motion. Unanimously approved. The commission expressed their appreciation to both men for doing a fine job. The new terms will expire on June 30, 2015.

Court Security Grant – Grant Agreement & Resolution
The commission has been awarded a $22,800 Grant from the Division of Criminal Justice Service. A Resolution needs to be adopted to authorize a representative to act on the commission's behalf. Commissioner Pyles made a motion to authorize Wayne C. Spiggle, President of the Mineral County Commission, to act on its behalf to enter into a contractual agreement with the Division of Criminal Justice Service to receive and administer grant funds pursuant to provisions of the Court Security Fund grant program. Commissioner LaRue made a second to the motion. Motion unanimously passed. The Grant will be used to purchase an alarm system, a new door for the Judge's Office and a hand held metal detector.

Region 3 Homeland Security – Grant Award Agreement
Marc Bashoor has been able to secure a Homeland Security Grant for the second year in a row. This years Grant is for $840,000. A motion is needed to authorize the commission president to sign the Grant papers. Commissioner Pyles made a motion to authorize Wayne C. Spiggle, President of the Mineral County Commission, to act on its behalf to sign documents associated with the Homeland Security Grant. Commissioner LaRue made a second to the motion. Motion unanimously approved.

County Coordinators Report: None

Miscellaneous: None

Committee Reports:
Commissioner LaRue: None
Commissioner Pyles: None
Commissioner Spiggle: Commissioner Spiggle is very concerned about the changes in PEIA. He feels that the Attorney General needs to investigate PEIA for price gouging. PEIA just raised the rate the county pays by 12%. PEIA pays administration fees to three separate entities, Wells Fargo, Aetna and Express Scripts, to administer the plan. PEIA is now telling participants that they can not go out of state, to receive services from doctors

they have been patients of in the past, unless that doctor is on their list. Michael Bland suggested that a letter be sent to the Attorney General stating these concerns.
County Clerk Lauren Ellifritz: None

Commission Meeting Dates:

July 28, 2009	4:30 p.m.	Regular Meeting
August 11, 2009	8:30 a.m.	Staff Meeting
August 11, 2009	9:30 a.m.	Regular Meeting

Appointments:

Senator Bob Williams – Check for Little League

Before the County Commission Meeting started Senator Bob Williams came to present the commission with a certificate commemorating the approval of $10,000 from an Economic Development Assistance Grant. The funds are to support Little League and softball activities in Mineral County. The funds will be used to purchase equipment such as portable pitching mounds, bats, safety equipment, batting tees, a batting cage, field drag mats, infield mix, a pitching machine and league organization software.

5:00 p.m. Mr. Andrew Cohill – Broadband Assessment Grant

Andrew Cohill, president of Design Nine, Inc., has been hired as part of the Broadband Assessment Grant to look at Mineral County's characteristics, pilot project possibilities, market analysis (demand aggregation), economic impact, financing options, cost estimates (vendor analysis), recommendations and to develop an implementation plan and roadmap. He explained that broadband was not simply Internet access, but that by installing fiber for broadband it would also allow for television, telephone and other services to the public. In order for this plan to qualify for the American Recovery and Reinvestment Act funding it will have to be submitted by October. County residents are asked to fill out a survey that is necessary to gather information for the potential funding. Mona Ridder, Director of the Development Authority, Connie Sutton, Jeff Chamberlin, Rick Welsh, Annette Paxton and Art Hill were also in attendance.

5:15 p.m. Paul Homan – Re: Water Project

Mr. Paul Homan and his daughter Gwen Wolford met with the commission to discuss some outstanding issues with the Fountain Public Service District's Burlington Water Project located on their property in Antioch. The issues are not issues that the commission can act on but should be brought before the Fountain PSD. Wayne Oates, President of the Fountain PSD, was present and offered to meet with Mr. Homan anytime that was convenient for him. Mr. Oates provided his contact information to Mr. Homan. A special meeting will be set-up for a time that is convenient for Mr. Homan and Gwen Wolford. Michael Bland and the three members of the Fountain PSD will all try to attend the meeting. Mr. Homan will compile a list of concerns to bring to the meeting.

5:45 p.m. William Rhodes & Dave Sowers – Re: Abandoned Vehicle Ordinance

Keyser Mayor William Rhodes, City Councilman Dave Sowers and Keyser's Building Inspector Earl Perrine, came to ask the commission to clean-up their own property if they were going to require county residents to do the same. They sited three unlicensed sheriffs department vehicles parked on a FEMA lot by the jail with no tags on them and one with an expired registration. The Sheriff stated that the vehicles were "left over from the previous administration" and he was considering them for sale as surplus property. He was not aware of the expired registration but he will check into it.
Mr. Sowers and Keyser City Streets Supervisor Jim Hannas took a 1½ hour trip around Keyser looking for unlicensed vehicles and compiling a list of 99 unlicensed vehicles. He has presented a copy of the list to Assessor Rose Ann Maine. Assessor Maine noted that the list did not include names or addresses of the vehicle owners. Names are necessary to assess the vehicle to the proper owner. An unlicensed vehicle must still be assessed. The city officials can check with the Assessor to see if the vehicle is assessed once they obtain the names of the owners. Commissioner Pyles pointed out that Mr. Endler's job is to check for out of state license plates not unlicensed vehicles. A property with more than three unlicensed vehicles is considered a junkyard under WV Law. Those properties should be reported to the WV Department of Highways.
The commission is very willing to work with the City on this or any other issue.

Rose Ann Maine, Craig Fraley, Jim Endler – Update
Assessor Rose Ann Maine, Sheriff Craig Fraley and Code Enforcement Officer Jim Endler met with the commission to give an update on the program. Progress is being made. Mr. Ender submitted a written report for June 23rd thru July 27th. The issue of Mr. Endler going on private property was discussed. As long as he is an agent of the Assessor he does have authority to go on private property to do his job. The commission thanked them for coming and giving their report.

Executive Session:
Commissioner Pyles made a motion to go into executive session with Marc Bashoor to discuss a personnel issue at the 911 Center. Commissioner LaRue made a second to the motion. Executive session ended with no action being taken.

Commissioner Pyles made a motion to adjourn the meeting. Commissioner LaRue made a second to the motion. Meeting adjourned.

Wayne C Spiggle

Wayne Spiggle, President
Mineral County Commission

State of West Virginia, County of Mineral
I, do hereby certify that the foregoing is a true copy of Minutes of July 28, 2009 County Commission Meeting recorded in book _____ Pages _____-_____ in the Mineral County Records.
(seal) Lauren Ellifritz, Clerk
Mineral County Commission
Date 2/3/2010 By: Mary Ann Smith

ORDER

ESTABLISHING THE TERMS OF OFFICE FOR

THE MEMBERS OF THE FRANKFORT PUBLIC SERVICE DISTRICT

WHEREAS, the Mineral County Commission, hereinafter referred to as the "Commission", entered into an Order on the 8th day of February, 2005, merging the Fort Ashby Public Service District and the Frankfort Public Service District, and

WHEREAS, the West Virginia Public Service Commission entered an Order on August 19, 2005 approving the merger of the two public service districts contingent upon the approval of the bondholders for both districts, and

WHEREAS, the Commission's Order merging the two districts provided for expansion of the Frankfort Public Service District from three members to five members, and

WHEREAS, the Commission, in anticipation of the consent from the bondholders to the merger, did take action to appoint members to the Frankfort Public Service District Board effective July 1, 2007.

NOW THEREFORE BE IT ORDERED that the Mineral County Commission does hereby recognize that the following individuals have been previously appointed to the Board of the Frankfort Public Service District and their terms of office shall be as set forth below:

Paul Corwell	July 1, 2007 to June 30,2009
Gerald Frantz	July 1, 2007 to June 30, 2009
Douglas Brelsford	July 1, 2007 to June 30, 2011
Douglas Kenney	July 1, 2007 to June 30, 2011
Blane Murray	July 1, 2007 to June 30, 2013

Further, each new appointment or reappointment shall be in compliance with West Virginia Code 16-13A-3.

Entered this the 25th day of March, 2008.

Janice LaRue

Janice LaRue, President

Attest:

Lauren T. P. Ellifritz, County Clerk

Mineral County Clerk
OATH OF OFFICE Clerk 04
Date/Time: 04/01/2008 16:24
Inst #: 74791
Book/Page: 4 / 366
Recd/Tax: .00 .00

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MINERAL TO WIT:

I, A. Blane Murray, do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of Frankfort Public Service District Board Member for term ending June 30, 2013 to the best of my skill and judgement SO HELP ME GOD.

Print name and address:

A. Blane Murray
Route 2, Box 217
Ridgeley, WV 26753

(Signature of affiant) A. Blane Murray

Subscribed and sworn to before me, in said County and State, this 26th day of July, 2007.

State of West Virginia, Mineral County, to-wit:
Be it remembered that on this 1 day of April 2008. The foregoing Oath was presented in the Office of the Clerk of County Commission and admitted to record.
Lauren T. P. Ellifritz
Clerk of County Commission

LAUREN ELLIFRITZ
MINERAL County 03:17:50 PM
Instrument No 91879
Date Recorded 02/09/2010
Document Type OA
Book-Page 4-856

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MINERAL TO WIT:

I, Gerald L. Frantz, do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of Frankfort Public Service District Board Member for term ending June 30, 2015.

to the best of my skill and judgement SO HELP ME GOD.

Print name and address:

Gerald L. Frantz
Route 2, Box 478-F
Ridgeley, WV 26753

(Signature of affiant) Gerald L. Frantz

Subscribed and sworn to before me, in said County and State, this 8th day of February, 2010.

County Clerk

State of West Virginia, Mineral County, to wit:
I, Lauren Ellifritz, Clerk of County Commission, hereby certify that on this 9 day of February 2010 the foregoing Oath is presented to the Clerk of County Commission for the purpose of being recorded.
Lauren Ellifritz
Clerk of County Commission

BOOK - 4 - PAGE 856

LAUREN ELLIFRITZ
MINERAL County 03:21:52 PM
Instrument No 91880
Date Recorded 02/09/2010
Document Type OA
Book-Page 4-857

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MINERAL TO WIT:

I, Paul Corwell, do solemnly swear that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of Frankfort Public Service District Board Member for term ending June 30, 2015.

to the best of my skill and judgement SO HELP ME GOD.

Print name and address:

Paul Corwell
Route 1, Box 205
Ridgeley, WV 26753

(Signature of affiant) Paul Corwell

Subscribed and sworn to before me, in said County and State, this 8th day of February, 2010.

Mineral County Clerk

State of West Virginia, Mineral County, to-wit:
Be [illegible] 9 The
day of February 2010 was
foregoing Oath [illegible] Clerk of County
present [illegible] Commission [illegible] Record.
Lauren [illegible]
Clerk of County Commission

BOOK - 4 - PAGE 857

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, Mineral County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Frankfort Public Service District, and in the center shall be inscribed the 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 2nd 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 meetings 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 regularly scheduled meetings 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 regularly 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 72 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 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is

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, notes, 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 condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure 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 be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 10th day of April, 2006.

04/06/06
306370.00001

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned SECRETARY of Frankfort Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service District:

*** *** ***

Frankfort Public Service District met, pursuant to notice duly posted, on the 10th day of December, 2012, in Wiley Ford, West Virginia, at the hour of 6:30 pm.

PRESENT: Blane Murray
Paul Corwell
Gerald Franz
Jeffrey Adams
Douglas Brelsford

Tom Aman, Steptoe & Johnson PLLC

The PSD ratified the officers as Blane Murray Chairman and Paul Corwell 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 DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING 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 NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AGREEMENT 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, on motion duly made Gerald Franz and seconded by Blane Murray, 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 Bond Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE 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, on motion duly made by Gerald Franz and seconded by Blane Murray, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Gerald Franz and seconded by Jeffrey Adams, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Jeffrey Adams and seconded by Gerald Franz, it was unanimously ordered that the said Sweep Resolution be adopted.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Frankfort Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of December, 2012.

Secretary

306370.00007

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned SECRETARY of Frankfort Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service District:

*** *** ***

Frankfort Public Service District met, pursuant to notice duly posted, on the 10th day of December, 2012, in Wiley Ford, West Virginia, at the hour of 6:30 pm.

PRESENT: Blane Murray
Paul Corwell
Gerald Franz
Jeffrey Adams
Douglas Brelsford

Tom Aman, Steptoe & Johnson PLLC

The PSD ratified the officers as Blane Murray Chairman and Paul Corwell 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 DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING 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 NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AGREEMENT 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, on motion duly made Gerald Franz and seconded by Blane Murray, 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 Bond Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE 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, on motion duly made by Gerald Franz and seconded by Blane Murray, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Gerald Franz and seconded by Jeffrey Adams, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Jeffrey Adams and seconded by Gerald Franz, it was unanimously ordered that the said Sweep Resolution be adopted.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Frankfort Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of December, 2012.

Paul E. Lovell

Secretary

306370.00007

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 18-Dec-12

ISSUE: Frankfort Public Service District
Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority)

ADDRESS: Post Office Box 80, Wiley Ford, West Virginia 26767 COUNTY: Mineral

PURPOSE OF ISSUE:
New Money: x
Refunding:

ISSUE DATE: 12/18/2012
ISSUE AMOUNT: $800,000.00
1ST DEBT SERVICE DUE: 1-Apr-13
1ST DEBT SERVICE AMOUNT TBD

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: 18-Dec-12
RATE: 3% interest only for 24 mo; then 3% P&I
1ST PRINCIPAL DUE 1-Apr-15
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

CLOSING BANK:
Bank: First Peoples Community FCU
Contact: Kim Fram
Phone: 301.784.3009

KNOWLEDGEABLE ISSUER CONTACT
Contact: Blane Murray
Position: Chairman
Phone: 304.738.9552

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: West Virginia Water Development Authority
Contact: Chris Jarrett
Position: Director
Phone: 304.558.3612

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. Fun $
____ To Other: ____ $

NOTES: The Series 2012 A Bonds Reserve Account will be funded in equal monthly installments over a 10 year period. starting month 25.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

FIRST PEOPLE COMMUNITY FEDERAL CREDIT UNION, Cumberland, Maryland, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Frankfort Public Service District (the "Issuer") adopted December 10, 2012, and the Supplemental Resolution of the Issuer adopted December 10, 2012 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated December 18, 2012, issued in the principal amount of $800,000 (the "Series 2012 A 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 18th day of December, 2012.

FIRST PEOPLE COMMUNITY
FEDERAL CREDIT UNION

By: Kevin as Clerk
Its: Authorized Officer

306370.00007

5823899

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Frankfort Public Service District Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), issued in the principal amount of $800,000 (the "Series 2012 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2012 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2012 A Bonds.

WITNESS my signature on this 18th day of December, 2012.

THE HUNTINGTON NATIONAL BANK
Charleston, West Virginia

By: _____
Its: Authorized Officer

306370.00007

5824526

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Design Revenue Bond, Series 2012 A (West Virginia Water Development Authority), of the Issuer, dated December 18, 2012, in the principal amount of $800,000, number AR-1, was registered as to principal and interest, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 18th day of December, 2012.

THE HUNTINGTON NATIONAL BANK
Charleston, West Virginia

By:_____
Its: Authorized Officer

306370.00007

5824537

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of this 18th day of December, 2012, by and between FRANKFORT PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $800,000 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), in fully registered form (the "Series 2012 A Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted December 10, 2012, and a Supplemental Resolution of the Issuer duly adopted December 10, 2012 (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:

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

1. 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.

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

3. 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.

4. 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.

5. 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.

6. 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 Post Office Box 80 Wiley Ford, West Virginia 26767 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

7. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The Registrar shall carry out applicable requirements of 40 CRF part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

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

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

306370.00007

5824175

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor I WE3013 I Charleston, West Virginia 25301

STATEMENT OF REGISTRAR'S FEES
Invoice Date December 18, 2012

Frankfort Public Service District
Account Number 6089001809

Frankfort Public Service District
Sewerage System Design Revenue Bonds, Series 2012 A
c/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR December, 2012

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

® and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

Erie Insurance®

CERTIFICATE OF INSURANCE

— THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY —

DATE ISSUED (MM/DD/YY): 12/4/12

Home Office • 100 Erie Insurance Place • Erie, Pennsylvania 16530 • 814.870.2000
Toll free 1.800.458.0811 • Fax 814.870.3126 • www.erieinsurance.com

NAME AND ADDRESS OF AGENCY
CHANEY - BUSKIRK AGENCY INC
RTE. 28 AND AIRPORT ROAD
WILEY FORD, WV 26767-0050

(304)738-9419

AGENT'S NO. EE4007

NAME AND ADDRESS OF NAMED INSURED
FRANKFORT PUBLIC SVC DISTRICT
P O BOX 80
WILEY FORD, WV 26767-0080

COMPANY(IES) AFFORDING COVERAGE
Co.: C ERIE INSURANCE COMPANY
Co.: D ERIE INSURANCE PROPERTY & CASUALTY COMPANY
Co.: E ERIE INSURANCE EXCHANGE Erie Indemnity Co., Attorney-In-Fact (Not Applicable in NY)
Co.: F ERIE INSURANCE COMPANY OF NEW YORK
Co.: G FLAGSHIP CITY INSURANCE COMPANY

This certificate is issued for information purposes only and confers no rights on the certificate holder. It does not affirmatively or negatively amend, extend, or otherwise alter the terms, exclusions and conditions of insurance coverage contained in the policy(ies) indicated below. The terms and conditions of the policy(ies) govern the insurance coverage as applied to any given situation. Limits shown may have been reduced by claims paid. This certificate of insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer and the certificate holder.

This is to certify that policies, as indicated by the Policy Number below, are in force for the Named Insured at the time that the Certificate is being issued.

CO LTR	Add'l Ins'd	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
D	X	**GENERAL LIABILITY**					
		X COMMERCIAL GENERAL LIABILITY	Q34 6900000	10/19/12	10/19/13	EACH OCCURRENCE	$ 1,000,000
		CLAIMS MADE OCCUR				FIRE DAMAGE (Any One Fire)	$ 1,000,000
						MED EXP (Any One Person)	$ EXCL
						PERSONAL & ADV. INJURY	$ 1,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	$ 2,000,000
		POLICY X PROJECT LOC				PRODUCTS-COMP/OP AGG	$ 2,000,000
		AUTOMOBILE LIABILITY					
		"ANY AUTO" (OWNED, HIRED, NON-OWNED)				BODILY INJURY (EACH PERSON)	$
		OWNED				BODILY INJURY (EACH ACCIDENT)	$
		HIRED				PROPERTY DAMAGE	$
		NON-OWNED				BODILY INJURY AND PROPERTY DAMAGE COMBINED	$
		GARAGE					
		EXCESS LIABILITY					
		OCCURRENCE				EACH OCCURRENCE	$
						AGGREGATE	$
		RETENTION $					$
							$
		WORKERS COMPENSATION & EMPLOYERS LIABILITY				STATUTORY	
						BODILY INJURY ACCIDENT $	EACH ACCIDENT
						BODILY INJURY DISEASE $	POLICY LIMIT
						BODILY INJURY DISEASE $	EACH EMPLOYEE
D		**OTHER**					
		ULTRAFLEX	Q42 7850023	6/28/12	6/28/13	1000000/2000000	

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
WV WATER DEVELOPMENT AUTHORITY IS LISTED AS ADDITIONAL INSURED

CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

NAME AND ADDRESS OF CERTIFICATE HOLDER
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311

AUTHORIZED REPRESENTATIVE

IG6230 8/11

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 18, 2012**

Re: **Frankfort Public Service District Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority)**

1. DISBURSEMENTS TO FRANKFORT PUBLIC SERVICE DISTRICT

Payor:	West Virginia Water Development Authority
Source:	Series 2012 A Bond Proceeds
Amount:	$599,150
Form:	Wire Transfer
Payee:	Frankfort Public Service District 164 Wiley Ford, Wiley Ford, WV 26767
Bank:	First People Community Federal Credit Union 153 Baltimore Street, Cumberland, MD 21510
ABA No.:	252177121
Acct. No.:	1020001528940
Contact:	Kim Fram, 301.784.3009
Account:	Phase Two Construction Account

Payor:	The County Commission of Mineral County
Source:	Grant Proceeds
Amount:	$-0-
Form:	Wire Transfer
Payee:	Frankfort Public Service District 164 Wiley Ford, Wiley Ford, WV 26767
Bank:	First People Community Federal Credit Union 153 Baltimore Street, Cumberland, MD 21510
ABA No.:	252177121
Acct. No.:	1020001528940
Contact:	Kim Fram, 301.784.3009
Account:	Phase Two Construction Account

Rev 04/07/09

DEP CWSRF PAYMENT REQUISITION FORM

1. LOAN RECIPIENT/VENDOR:

NAME: Frankfort Public Service District

ADDRESS: P.O. Box 80

Wiley Ford, WV 26767

FEIN: 55-0571925

DUNS:

2. SRF #:

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)

FROM: (MO/DAY/YR) TO: (MO/DAY/YR)

5. % of PHYSICAL CONSTRUCTION COMPLETION 0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONLY
1) CONSTRUCTION	$ -	$ -	$ -	$ -	
2) ENGINEERING					
a. I&I Study	$ 100,000	$ -	$ 100,000	$ 100,000	
b. Design	$ 570,000	$ -	$ 483,650	$ 483,650	
c. Const Basic	$ -	$ -	$ -	$ -	
d. Inspection	$ -	$ -	$ -	$ -	
e. Special Services	$ -	$ -	$ -	$ -	
3) LEGAL	$ 44,500	$ -	$ 5,000	$ 5,000	
4) ACCOUNTING	$ -	$ -	$ -	$ -	
5) ADMINISTRATIVE	$ -	$ -	$ -	$ -	
6) SHPO STUDY	$ 75,000	$ -	$ -	$ -	
7) CONTINGENCY	$ -	$ -	$ -	$ -	
8) CLOSING COSTS	$ 10,500	$ -	$ 10,500	$ 10,500	
9) SUBTOTAL	$ 800,000	$ -	$ 599,150	$ 599,150	
10) LESS PREVIOUSLY PAID				$ -	
11) INVOICE AMOUNT				$ 599,150	

A. Blane Murray — 12/10/2012

AUTHORIZED SIGNATURE — DATE

A. Blane Murray, Chairman

TYPED OR PRINTED NAME AND TITLE

PERSON PREPARING FORM SIGNATURE

Mike Bland

TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: **WV DEPARTMENT OF ENVIRONMENTAL PROTECTION**

PROJECT REVIEWER — DATE

AUTHORIZED OFFICER — DATE

FRANKFORT PUBLIC SERVICE DISTRICT
2004SD-791b

RESOLUTION APPROVING INVOICES RELATING TO PRE-CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED SEWER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Frankfort Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relation to the pre-construction of the Sewer Project funded by the WV Water Development Authority, County TIF Funds and Costs Deferred by Engineer and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED the Frankfort Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices from the Project Fund as follows:

Vendor	Total	WDA	County (TIF)	Deferred
Steptoe & Johnson (Bond)	10,000.00	10,000.00	0	0
Steptoe & Johnson (PSC)	5,000.00	5,000.00	0	0
Huntington Bank	500.00	500.00	0	0
RK&K	583,650.00	583,650.00	0	0
Total	599,150.00	599,150.00	0	0

ADOPTED BY the Frankfort Public Service District, at the meeting held on the 10th day of December, 2012.

By: _____
Its: Chairman

Contact: Mike Bland (304) 788-5921

SWEEP RESOLUTION

WHEREAS, the Frankfort Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, PURSUANT TO Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, along with the MBC Fee, shall be made to the MBC by electronic transfer by the State Treasurer form the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

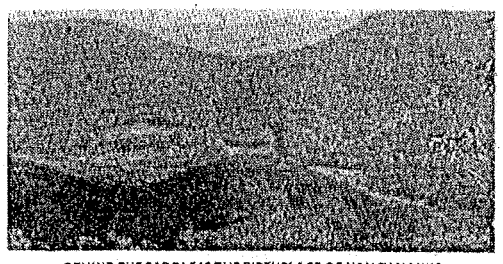
2) Chairman and Secretary are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 10th day of December, 2012.

(Authorized Officer)

(Authorized Officer)



BEHIND THE SADDLE IS THE BIRTHPLACE OF NANCY HANKS, MOTHER OF ABRAHAM LINCOLN

County Commission of Mineral County

150 Armstrong Street
Keyser, West Virginia 26726

MICHAEL C. BLAND, COUNTY COORDINATOR

PHONE: (304) 788-5921
(301) 777-0602
FAX: (304) 788-0768
TDD: (304) 788-0568

THE COMMISSIONERS

CYNTHIA L. PYLES, PRESIDENT
Keyser, West Virginia

JANICE LARUE
Piedmont, West Virginia

RICHARD A. LECHLITER, DVM
Ridgeley, West Virginia

March 6, 2012

03:34 PM MAR 07 2012 PSC EXEC SEC DIV

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

Re: Northern Mineral County Regional Sewer Project

Dear Blane:

This letter is to confirm that the Mineral County Commission has allocated $500,000 in Tax Increment Financing funding to pay a portion of the design costs for Phase 2 of the referenced project. The TIF funding will be in the form of a grant and will not need to be repaid by the District.

Please contact me should you have any questions or require additional information.

Sincerely,

Michael C. Bland,
County Coordinator

MCB/rlb

cc: Todd Swanson, Steptoe & Johnson

AT A REGULAR SESSION OF THE COUNTY COMMISSION
OF MINERAL COUNTY, WEST VIRGINIA,
HELD FOR SAID COUNTY AT THE COURTHOUSE
THEREOF, ON TUESDAY,
THE 10TH DAY OF AUGUST 2010

MEMBERS: WAYNE C. SPIGGLE, PRESIDENT,
JANICE LaRUE and CYNTHIA L. PYLES,
COMMISSIONERS OF THE COUNTY

RESOLUTION PRESENTING AN AMENDMENT TO THE NORTHERN MINERAL COUNTY REGIONAL SEWER SYSTEM PROJECT PLAN NO. 1; AUTHORIZING NOTICE TO THE SUPERINTENDENT OF THE MINERAL COUNTY SCHOOLS; AUTHORIZING PUBLICATION OF A NOTICE OF PUBLIC HEARING AND CALLING FOR A PUBLIC HEARING WITH RESPECT TO SUCH PLAN AMENDMENT

WHEREAS, the County Commission of Mineral County, West Virginia (the "Commission") is authorized by the West Virginia Tax Increment Financing Act, Chapter 7, Article 11B of the West Virginia Code of 1931, as amended (the "Act") to create a development or redevelopment district, cause project plans to be prepared, issue tax increment financing obligations and take other actions to facilitate the orderly development and economic stability of Mineral County, West Virginia (the "County"), all as more fully set forth in the Act;

WHEREAS, by Order entered on November 29, 2005, the Commission created the Mineral County Development District No. 1 – Frankfort (the "TIF District"), pursuant to Section 7(d) and (g) of the Act, to provide for the financing of certain development expenditures within the TIF District;

WHEREAS, pursuant to Section 8(a) of the Act, by a letter dated July 19, 2006, the Development Office approved the County's application (the "Project Plan") for the Northern Mineral County Regional Sewer System Project Plan No. 1 consisting of the construction and acquisition of certain sewer, water and storm water infrastructure to be owned and operated by Frankfort Public Service District and engineering, administrative and other professional costs related to such acquisition and construction, as more fully set forth in the Project Plan;

WHEREAS, by Order entered on April 27, 2010, the Commission adopted the Project Plan pursuant to Section 8(a) of the Act;

WHEREAS, pursuant to Section 9 of the Act, the Commission is authorized to adopt an amendment to an approved Project Plan following the publication of notice of a public

hearing, providing notice to the other local levying bodies, providing public review of the Project Plan amendment and the public hearing;

WHEREAS, the Commission has presented at this meeting a proposed amendment to the Project Plan, a copy of which is attached hereto and incorporated herein by reference (the "Project Plan Amendment") which Project Plan Amendment authorizes the design of Phase II of the Northern Regional Sewer System Project in the TIF District to be paid on a pay as you go basis;

WHEREAS, the Commission desires to publish a notice of the public hearing, provide notice to the local levying body and take all steps necessary for approval of the Project Plan Amendment;

WHEREAS, it is in the best interests of the Commission and the County that the Project Plan Amendment be provided for public review and comment.

NOW, THEREFORE, BE IT ORDERED BY THE COUNTY COMMISSION OF MINERAL COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. It is hereby found and determined, subject to a public hearing and other actions, that the Commission will consider for approval the Project Plan Amendment presented to this Commission meeting and incorporated herein by reference as Exhibit A.

2. It is hereby found and determined that the real property within the TIF District will be benefited by the Project Plan Amendment by further allowing for the construction of necessary sewer, water and storm water infrastructure that is critical to further economic development in the TIF District.

3. The Commission hereby sets a public hearing regarding the Project Plan Amendment for Tuesday, September 14, 2010, at 11:00 a..m., prevailing time. The form of the Notice for the public hearing is attached hereto as Exhibit B.

4. If applicable, the Commission shall at the same time hold the public hearing required by Subsection 7-11B-15(d) of the Code of West Virginia, 1931, as amended, with respect to the TIF District and its Development District No. 2.

5. The President, County Clerk and other administrative officials of the County are hereby authorized and directed to take such actions as they shall deem appropriate in assisting and supporting the Project Plan Amendment, including the notification of The Board of Education of Mineral County of such proposed action.

6. This Order shall take effect immediately.

Entered this 10th day of August 2010.

THE COUNTY COMMISSION OF MINERAL COUNTY, WEST VIRGINIA

By: _____
President

ATTEST:

By: _____
County Clerk

EXHIBIT A

Project Plan Amendment

Addendum to Section II. Project Information

A. DETAILED DESCRIPTION OF PROJECT

The original project plan described the entire Northern Mineral County Regional Sewer System Project but only defined the TIF Project as Phase I of Northern Mineral County Regional Sewer System Project. In addition to Phase I of such project, the TIF Project will also include the design of Phase II of the Northern Mineral County Regional Sewer System Project. Phase II of such project will be only paid for with pay as you go funds from the TIF Fund in an amount not to exceed $500,000.

EXHIBIT B

(Form of)

NOTICE OF PUBLIC HEARING

AMENDMENT TO THE NORTHERN MINERAL COUNTY REGIONAL SEWER SYSTEM PROJECT PLAN NO. 1 OF THE MINERAL COUNTY DEVELOPMENT DISTRICT NO. 1 – FRANKFORT

A public hearing will be held at a regular meeting of The County Commission of Mineral County (the "Commission") on Tuesday, September 14, 2010, at 11:00 a.m., prevailing time, in the County Commission office at 150 Armstrong Street, Mineral County Courthouse, Keyser, West Virginia, and at such hearing any person interested may appear before the Commission and present comments, protests and suggestions. All comments, protests and suggestions shall be heard by the Commission and it shall then take such actions as it shall deem proper in the premises regarding the approval, pursuant to Chapter 7, Article 11B of the Code of West Virginia, 1931, as amended (the "Tax Increment Financing Act") of an amendment to the project plan approved on April 27, 2010 (the "Project Plan Amendment"). Following is a brief summary of such matters.

Approval of Project Plan Amendment

The County Commission of Mineral County, proposes to pay for the costs of the design of Phase II of the Northern Mineral County Regional Sewer System Project on a pay as you go basis from the TIF Fund.

Further information regarding the proposed Project Plan Amendment is on file and available for inspection at the office of the County Clerk of The County Commission of Mineral County during regular business hours, located at the County Commission's offices at 150 Armstrong Street, Mineral County Courthouse, Keyser, West Virginia 26726.

Dated: August 10, 2010.

By: /s/ Lauren Ellifritz
County Clerk

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the Controlling Law.

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

STANDARD FORM OF AGREEMENT BETWEEN OWNER AND ENGINEER FOR PROFESSIONAL SERVICES FUNDING AGENCY ADDITION

May 20, 2003
Revised: February 5, 2004 PSC Case No. 03-1632-PSD-PC
Revised: January 9, 2006

Prepared by

ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

and

Issued and Published Jointly By

PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
a practice division of the
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

AMERICAN CONSULTING ENGINEERS COUNCIL

AMERICAN SOCIETY OF CIVIL ENGINEERS

This Agreement has been prepared for use with the Standard General Conditions of the Construction Contract -- funding Agency Edition (No. 1910-8-FA) (1997 Edition) of the Engineers Joint Contract Documents Committee. Their provisions are interrelated, and a change in one may necessitate a change in the other.

Copyright ©1996 National Society of Professional Engineers
1420 King Street, Alexandria, VA 22314

American Consulting Engineers Council
1015 15th Street N.W., Washington, DC 20005

American Society of Civil Engineers
345 East 47th Street, New York, NY 10017

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FRANKFORT PUBLIC SERVICE DISTRICT
SEWER FEASIBILITY STUDY

STANDARD FORM OF AGREEMENT
BETWEEN
OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES
FUNDING AGENCY EDITION

THIS IS AN AGREEMENT effective as of January 9, 2006 ("Effective Date") between

Frankfort Public Service District ("OWNER") and Rummel, Klepper & Kahl, LLP ("ENGINEER").

OWNER intends to Conduct a sewer feasibility study of the northern area of Mineral County to determine feasibility of providing sewer service ("Project").

Financial assistance for this project is expected to be provided by State Revolving Loan Fund (SRF), West Virginia Infrastructure and Jobs Development Council ("AGENCY"), a governmental entity. Nothing herein creates any contractual relationship between AGENCY and ENGINEER. OWNER and ENGINEER in consideration of their mutual covenants as set forth herein agree as follows:

Only costs for preparation of the Study and Report Phase, Exhibit A, Paragraph A.1.01, are included at this time.

The scope and fees for the remaining work as described in this Agreement will be defined by change orders to this agreement.

: ARTICLE 1 - SERVICES OF ENGINEER

1.01 Scope

A. ENGINEER shall provide the Basic and Additional Services set forth herein.

B. Upon this Agreement becoming effective, ENGINEER is authorized to begin Basic Services as set forth in Exhibit A.

ARTICLE 2 - OWNER'S RESPONSIBILITIES

2.01 General

A. OWNER shall have the responsibilities set forth herein and in Exhibit B.

ARTICLE 3 - TIMES FOR RENDERING SERVICES

3.01 General

A. ENGINEER's services and compensation under this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion. Unless specific periods of time or specific dates for providing services are specified in this Agreement, ENGINEER's obligation to render services hereunder will be for a period which may reasonably be required for the completion of said services.

B. If in this Agreement specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided, and if such periods of time or dates are changed through no fault of ENGINEER, the rates and amounts of compensation provided for herein shall be subject to equitable adjustment. If OWNER has requested changes in the scope, extent, or character of the Project, the time of performance of ENGINEER's services shall be adjusted equitably.

C. For purposes of this Agreement the term "day" means a calendar day of 24 hours.

3.02 Suspension

A. If OWNER fails to give written authorization to proceed with any phase of services within a reasonable period of time after completion of the immediately preceding phase, or if ENGINEER's services are delayed through no fault of ENGINEER, ENGINEER may, after giving seven days written notice to OWNER, suspend services under this Agreement.

B. If ENGINEER's services are delayed or suspended in whole or in part by OWNER, or if ENGINEER's services are extended by Contractor's actions or inactions for more than three months through no fault of ENGINEER, ENGINEER shall be entitled to equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect, among other things, reasonable costs incurred by ENGINEER in connection with such delay or suspension and reactivation and the fact that the time for performance under this Agreement has been revised.

ARTICLE 4 - PAYMENTS TO ENGINEER

4.01 Methods of Payment for Services and Reimbursable Expenses of ENGINEER

A. *For Basic Services.* OWNER shall pay ENGINEER for Basic Services performed or furnished under Exhibit A, Part 1, as set forth in Exhibit C.

B. *For Additional Services.* OWNER shall pay ENGINEER for Additional Services performed or furnished under Exhibit A, Part 2, as set forth in Exhibit C.

C. *For Reimbursable Expenses.* In addition to payments provided for in paragraphs 4.01.A and 4.01.B, OWNER shall pay ENGINEER in accordance with Exhibit C for Reimbursable Expenses incurred by ENGINEER and ENGINEER's Consultants.

4.02 Other Provisions Concerning Payments

A. *Preparation of Invoices.* Invoices will be prepared in accordance with ENGINEER's standard invoicing practices and in a manner acceptable to OWNER. Invoices will be submitted to OWNER by ENGINEER no more than once per month. The amount billed in each invoice will be calculated on the basis set forth in Exhibit C.

B. *Payment of Invoices.* Invoices are due and payable within 60 days of receipt. If OWNER fails to make any payment due ENGINEER for services and expenses within 60 days after receipt of ENGINEER's invoice

therefore, and funds are available for the project, the amounts due ENGINEER will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said sixtieth day; and in addition, ENGINEER may, after giving seven days written notice to OWNER, suspend services under this Agreement until ENGINEER has been paid in full all amounts due for services, expenses, and other related charges. Payments will be credited first to interest and then to principal.

C. *Disputed Invoices.* In the event of a disputed or contested invoice, only that portion so contested may be withheld from payment, and the undisputed portion will be paid.

D. *Payments Upon Termination.*

1. In the event of any termination under paragraph 6.06A.1.b. and 6.06.A.2, ENGINEER will be entitled to invoice OWNER and will be paid in accordance with Exhibit C for all services performed or furnished and expenses incurred through the effective date of termination.

2. In the event of termination by OWNER for convenience or by ENGINEER for cause, ENGINEER, in addition to invoicing for those items identified in paragraph 4.02.D.1, shall be entitled to invoice OWNER and shall be paid a reasonable amount for services and expenses directly attributable to termination, including those provided or incurred after the effective date of termination, including, but not limited to, reassignment of personnel, costs of terminating contracts with ENGINEER's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit C.

E. *Records of ENGINEER's Costs.* Records of ENGINEER's costs pertinent to ENGINEER's compensation under this Agreement shall be kept in accordance with generally accepted accounting practices. To the extent necessary to verify ENGINEER's charges and upon OWNER's timely request, copies of such records will be made available to OWNER at cost.

F. *Legislative Actions.* In the event of legislative actions after the Effective Date of the Agreement by any level of government that impose taxes, fees, or costs on ENGINEER's services in connection with this Project or compensation therefor, such new taxes, fees, or costs shall be invoiced to and paid by OWNER as a Reimbursable Expense to which a Factor of 1.0 shall be applied. Should such taxes, fees, or costs be imposed, they shall be in addition to ENGINEER's estimated total compensation.

ARTICLE 5 - OPINIONS OF COST

5.01 Opinions of Probable Construction Cost

A. ENGINEER's opinions of probable Construction Cost provided for herein are to be made on the basis of ENGINEER's experience and qualifications and represent ENGINEER's best judgment as an experienced and qualified professional generally familiar with the industry. However, since ENGINEER has no control over the cost of labor, materials, equipment, or services furnished by others, or over the Contractor's methods of determining prices, or over competitive bidding or market conditions, ENGINEER cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by ENGINEER. If OWNER wishes greater assurance as to probable Construction Cost, OWNER shall employ an independent cost estimator as provided in Exhibit B.

5.02 Designing to Construction Cost Limit

A. If a Construction Cost limit is established between OWNER and ENGINEER, such Construction Cost limit and a statement of ENGINEER's rights and responsibilities with respect thereto will be specifically set forth in Exhibit F, "Construction Cost Limit,".

5.03 Opinions of Total Project Costs

A. ENGINEER assumes no responsibility for the accuracy of opinions of Total Project Costs.

ARTICLE 6 - GENERAL CONSIDERATIONS

6.01 Standards of Performance

A. The standard of care for all professional engineering and related services performed or furnished by ENGINEER under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

B. ENGINEER shall be responsible for the technical accuracy of its services and documents resulting therefrom, and OWNER shall not be responsible for discovering deficiencies therein. ENGINEER shall correct such deficiencies without additional compensation except to the extent such action is directly attributable to deficiencies in OWNER-furnished information.

C. ENGINEER shall perform or furnish professional engineering and related services in all phases of the Project to which this Agreement applies. ENGINEER shall serve as OWNER's prime professional for the Project. ENGINEER may employ such ENGINEER's Consultants as ENGINEER deems necessary to assist in the performance or furnishing of the services. ENGINEER shall not be required to employ any ENGINEER's Consultant unacceptable to ENGINEER.

D. ENGINEER and OWNER shall comply with applicable Laws or Regulations and OWNER-mandated standards. This Agreement is based on these requirements as of its Effective Date. Changes to these requirements after the Effective Date of this Agreement may be the basis for modifications to OWNER's responsibilities or to the scope, schedule, and compensation for ENGINEER's services.

E. OWNER shall be responsible for, and ENGINEER may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by OWNER to ENGINEER pursuant to this Agreement. ENGINEER may use such requirements, reports, data, and information in performing or furnishing services under this Agreement.

F. OWNER shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the services of ENGINEER, and shall bear all costs incident thereto.

G. Prior to the commencement of the Construction Phase, OWNER shall notify ENGINEER of any variations from the language indicated in Exhibit E, "Notice of Acceptability of Work," or of any other notice or certification that ENGINEER will be requested to provide to OWNER or third parties in connection with the Project. OWNER and ENGINEER shall reach agreement on the terms of any such requested notice or certification, and OWNER shall authorize such Additional Services as are necessary to enable ENGINEER to provide the notices or certifications requested under this paragraph.

H. All Contract Documents and Applications for Payment shall be subject to AGENCY concurrence.

I. ENGINEER shall not be required to sign any documents, no matter by whom requested, that would result in the ENGINEER's having to certify, guarantee or warrant the existence of conditions whose existence the ENGINEER cannot ascertain. OWNER agrees not to make resolution of any dispute with the ENGINEER or payment of any amount due to the ENGINEER in any way contingent upon the ENGINEER's signing any such certification.

J. During the Construction Phase, ENGINEER shall not supervise, direct, or have control over Contractor's work, nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to the Contractor's work in progress, nor for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work.

K. ENGINEER neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform the Work in accordance with the Contract Documents.

L. ENGINEER shall not be responsible for the acts or omissions of any Contractor(s), subcontractor or supplier, or of any of the Contractor's agents or employees or any other persons (except ENGINEER's own employees) at the Site or otherwise furnishing or performing any of the Contractor's work; or for any decision made on interpretations or clarifications of the Contract Documents given by OWNER without consultation and advice of ENGINEER.

M. The General Conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract – Funding Agency Addition" as prepared by the Engineers Joint Contract Documents Committee (Document No. 1910-8-FA, 1996 Edition) unless OWNER, ENGINEER, and AGENCY mutually agree to use other General Conditions as specifically referenced in Exhibit I.

6.02 Authorized Project Representatives

A. Contemporaneous with the execution of this Agreement, ENGINEER and OWNER shall designate specific individuals to act as ENGINEER's and OWNER's representatives with respect to the services to be performed or furnished by ENGINEER and responsibilities of OWNER under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and render decisions relative to the Project on behalf of each respective party.

6.03 Design without Construction Phase Services

A. Should OWNER provide Construction Phase services with either OWNER's representatives or a third party, ENGINEER's Basic Services under this Agreement will be considered to be completed upon completion of the Final Design Phase or Bidding or Negotiating Phase as outlined in Exhibit A.

B. It is understood and agreed that if ENGINEER's Basic Services under this Agreement do not include construction observation, or review of the Contractor's performance, or any other Construction Phase services, then OWNER assumes all responsibility for interpretation of the Contract Documents and for construction observation or review and waives any claims against the ENGINEER that may be in any way connected thereto.

6.04 Use of Documents

A. All documents including Drawings and Specifications prepared or furnished by, ENGINEER (and ENGINEER's independent professional associates and consultants) pursuant to this Agreement, but excluding any documents or design specifically defined as proprietary to the ENGINEER or his professional associates or consultants and disclosed as such to OWNER at Project initiation shall become the property of the OWNER once full payment for all ENGINEERING services has been made to the ENGINEER, and ENGINEER shall not retain any ownership and property interest therein whether or not the Project is completed. ENGINEER may make and retain copies of information and reference in connection with future requests for additions or modifications of the Project as requested by OWNER; OWNER warrants that no document shall be reused without prior notification to ENGINEER and any document which contains the stamp of a Registered Professional Engineer must be stamped again by a second Registered Professional Engineer prior to reuse. Any reuse without written verification or adoption by ENGINEER for the specific purpose intended will be at OWNERS sole risk and without liability or legal exposure to the ENGINEER, or to the ENGINEER's independent professional associates or consultants, and OWNER shall indemnify and hold harmless ENGINEER and ENGINEER's independent professional associates and consultants from all claims, damages, losses and expenses including attorney's fees arising out of or resulting therefrom. Any such verification or adaption will entitle ENINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER. ENGINEER shall provide all Drawings and Specifications prepared or furnished by ENGINEER (and ENGINEER's independent professional associates and consultants) pursuant to this Agreement in original form and such electronic form as specified by OWNER with agreement of the ENGINEER.

B. Copies of OWNER-furnished data that may be relied upon by ENGINEER are limited to the printed copies (also known as hard copies) that are delivered to the ENGINEER pursuant to Exhibit B. Files on electronic media of text, data, or graphics, or of other types (collectively termed electronic files) that are furnished by OWNER to ENGINEER are only for convenience of ENGINEER. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk.

C. Copies of Documents that may be relied upon by OWNER are limited to the printed copies (also known as hard copies) that are signed or sealed by the ENGINEER. Electronic files that are furnished by ENGINEER to OWNER are only for convenience of OWNER. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk.

D. Because data stored in electronic media can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 60 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 60-day acceptance period will be corrected by the party delivering the data. ENGINEER shall not be responsible to maintain documents stored in electronic media format after acceptance by OWNER.

E. When transferring documents in electronic media format, ENGINEER makes no representations as to long term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by ENGINEER at the beginning of this Project.

F. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

G. OWNER may make and retain copies of Documents for information and reference in connection with use on the Project by OWNER. Such Documents are not intended or represented to be suitable for reuse by OWNER or others on extensions of the Project or on any other project. Any such reuse or modification without written verification or adaptation by ENGINEER, as appropriate for the specific purpose intended, will be at OWNER's sole risk and without liability or legal exposure to ENGINEER or to ENGINEER's Consultants. OWNER shall indemnify and hold harmless ENGINEER and

ENGINEER's Consultants from all claims, damages, losses, and expenses, including attorneys' fees arising out of or resulting therefrom.

H. Any verification or adaptation of the Documents for extensions of the Project or for any other project will entitle ENGINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER.

6.05 Insurance

A. ENGINEER shall procure and maintain insurance as set forth in Exhibit G, "Insurance."

B. OWNER shall procure and maintain insurance as set forth in Exhibit G, "Insurance." OWNER shall cause ENGINEER and ENGINEER's Consultants to be listed as additional insureds on any general liability or property insurance policies carried by OWNER which are applicable to the Project.

C. OWNER shall require Contractor to purchase and maintain general liability and other insurance as specified in the Contract Documents and to cause ENGINEER and ENGINEER's Consultants to be listed as additional insureds with respect to such liability and other insurance purchased and maintained by Contractor for the Project

D. All policies of property insurance shall contain provisions to the effect that ENGINEER's and ENGINEER's Consultants' interests are covered and that in the event of payment of any loss or damage the insurers will have no rights of recovery against any of the insureds or additional insureds thereunder.

E. OWNER and ENGINEER shall each deliver to the other certificates of insurance evidencing the coverages indicated in Exhibit G. Such certificates shall be furnished prior to commencement of ENGINEER's services and at renewals thereafter during the life of the Agreement.

F. At any time, OWNER may request that ENGINEER, at OWNER's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those specified in Exhibit G. If so requested, and if commercially available, ENGINEER shall obtain and shall require ENGINEER's Consultants to obtain such additional insurance coverage, increased limits, or revised deductibles for such periods of time as requested by OWNER, and Exhibit G will be supplemented to incorporate these requirements.

6.06 Termination

A. The obligation to provide further services under this Agreement may be terminated:

1. *For cause,*

a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

b. By ENGINEER:

1) upon seven days written notice if ENGINEER believes that ENGINEER is being requested by OWNER to furnish or perform services contrary to ENGINEER's responsibilities as a licensed professional; or

2) upon seven days written notice if the ENGINEER's services for the Project are delayed or suspended for more than 90 days for reasons beyond ENGINEER's control.

3) ENGINEER shall have no liability to OWNER on account of such termination.

c. Notwithstanding the foregoing, this Agreement will not terminate as a result of such substantial failure if the party receiving such notice begins, within seven days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. *For convenience,*

a. By OWNER effective upon the receipt of notice by ENGINEER.

B. The terminating party under paragraphs 6.06.A.1 or 6.06.A.2 may set the effective date of termination at a time up to 30 days later than otherwise provided to allow ENGINEER to demobilize personnel and equipment from the Site, to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and

uncompleted tasks, and to assemble Project materials in orderly files.

6.07 Controlling Law

A. This Agreement is to be governed by the law of the state in which the Project is located.

6.08 Successors, Assigns, and Beneficiaries

A. OWNER and ENGINEER each is hereby bound and the partners, successors, executors, administrators and legal representatives of OWNER and ENGINEER (and to the extent permitted by paragraph 6.08.B the assigns of OWNER and ENGINEER) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

B. Neither OWNER nor ENGINEER may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by OWNER or ENGINEER to any Contractor, Contractor's subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them.

2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and ENGINEER and not for the benefit of any other party. The OWNER agrees that the substance of the provisions of this paragraph 6.08.C shall appear in the Contract Documents.

6.09 Dispute Resolution

A. OWNER and ENGINEER agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to invoking the procedures of Exhibit H or other provisions of this Agreement, or exercising their rights under law. In the absence of such an agreement, the parties may exercise their rights under law.

B. If and to the extent that OWNER and ENGINEER have agreed on a method and procedure for resolving disputes between them arising out of or relating to this Agreement, such dispute resolution method and procedure is set forth in Exhibit H, "Dispute Resolution."

6.10 Hazardous Environmental Condition

A. OWNER represents to Engineer that to the best of its knowledge a Hazardous Environmental Condition does not exist.

B. OWNER has disclosed to the best of its knowledge to ENGINEER the existence of all Asbestos, PCB's, Petroleum, Hazardous Waste, or Radioactive Material located at or near the Site, including type, quantity and location.

C. If a Hazardous Environmental Condition is encountered or alleged, ENGINEER shall have the obligation to notify OWNER and, to the extent of applicable Laws and Regulations, appropriate governmental officials.

D. It is acknowledged by both parties that ENGINEER's scope of services does not include any services related to a Hazardous Environmental Condition. In the event ENGINEER or any other individual or entity encounters a Hazardous Environmental Condition, ENGINEER may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until OWNER: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (ii) warrants that the Site is in full compliance with applicable Laws and Regulations.

E. OWNER acknowledges that ENGINEER is performing professional services for OWNER and that ENGINEER is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous substances, as these terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), if such "hazardous substances" are or may be encountered at or near the Site in connection with ENGINEER's activities under this Agreement.

F. If ENGINEER's services under this Agreement cannot be performed because of a Hazardous Environmental Condition, the existence of the condition shall justify ENGINEER's terminating this Agreement for cause on 30 days notice.

6.11 Allocation of Risks -- Indemnification

A. To the fullest extent permitted by law, ENGINEER shall indemnify and hold harmless OWNER, OWNER's officers, directors, partners, and employees from and against any and all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of ENGINEER or ENGINEER's officers, directors, partners, employees, agents and ENGINEER's Consultants in the performance and furnishing of ENGINEER's services under this Agreement.

B. To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER, ENGINEER's officers, directors, partners, employees, and ENGINEER's Consultants from and against any and all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of OWNER or OWNER's officers, directors, partners, employees, and OWNER's consultants with respect to this Agreement or the Project.

C. To the fullest extent permitted by law, ENGINEER's total liability to OWNER and anyone claiming by, through, or under OWNER for any cost, loss, or damages caused in part by the negligence of ENGINEER and in part by the negligence of OWNER or any other negligent entity or individual, shall not exceed the percentage share that ENGINEER's negligence bears to the total negligence of OWNER, ENGINEER, and all other negligent entities and individuals.

D. In addition to the indemnity provided under paragraph 6.11.B of this Agreement, and to the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER and its officers, directors, partners, employees, and ENGINEER's Consultants from and against all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from a Hazardous Environmental Condition, provided that (i) any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than completed Work), including the loss of use resulting therefrom, and (ii) nothing in this paragraph 6.11.B. shall obligate OWNER to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.

6.12 Notices

A. Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, or by registered or certified mail "Return Receipt Requested", or by facsimile , or by a commercial courier service. All notices shall be effective upon the date of receipt.

6.13 Survival

A. All express representations, indemnifications, or limitations of liability included in this Agreement will survive its completion or termination for any reason.

6.14 Severability

A. Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and ENGINEER, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

6.15 Waiver

A. Non-enforcement of any provision by either party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

6.16 Headings

A. The headings used in this Agreement are for general reference only and do not have special significance.

ARTICLE 7 - DEFINITIONS

7.01 Defined Terms

A. Wherever used in this Agreement (including the Exhibits) and printed with initial or all capital letters, the following terms have the meanings indicated, which are applicable to both the singular and plural thereof:

1. *Addenda*--Written or graphic instruments issued prior to the opening of Bids which clarify, correct, or change the Bidding Documents.

2. *Additional Services*--The services to be performed for or furnished to OWNER by ENGINEER in accordance with Exhibit A, Part 2 of this Agreement.

3. *Agency—The Federal or state agency named on page 1 of this Agreement.*

4. *Agreement*--This "Standard Form of Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Addition," including those Exhibits listed in Article 8.

5. *Application for Payment*--The form acceptable to ENGINEER which is to be used by Contractor in requesting progress or final payments for the completion of its Work and which is to be accompanied by such supporting documentation as is required by the Contract Documents.

6. *Asbestos*--Any material that contains more than one percent asbestos and is friable or is releasing asbestos fibers into the air above current action levels established by the United States Occupational Safety and Health Administration.

7. *Basic Services*--The services to be performed for or furnished to OWNER by ENGINEER in accordance with Exhibit A, Part 1, of this Agreement.

8. *Bid*--The offer or proposal of the bidder submitted on the prescribed form setting forth the prices for the Work to be performed.

9. *Bidding Documents*--The advertisement or invitation to Bid, instructions to bidders, the Bid form and attachments, the acquired form of Bid bond, and proposed Contract Documents, and Addenda, if any.

10. *Change Order*--A document recommended by ENGINEER, which is signed by Contractor, OWNER, and AGENCY to authorize an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Contract Times, issued on or after the Effective Date of the Construction Agreement.

11. *Construction Agreement*--The written Agreement contained in the Contract Documents, between OWNER and Contractor covering the Work to be performed or finished with respect to this Project.

12. *Construction Cost*--The cost to OWNER to construct those portions of the entire Project designed or specified by ENGINEER. Construction Cost does not include costs of services of ENGINEER and other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to OWNER pursuant to Exhibit B of this Agreement. Construction Cost is one of the items comprising Total Project Costs.

13. *Contract Documents*-- Construction Agreement between OWNER and Contractor, Addenda (which pertain to the Contract Documents), Contractor's Bid (including documentation accompanying the Bid and any post-Bid documentation submitted prior to the notice of award) when attached as an exhibit to the Construction Agreement, the notice to proceed, the bonds, appropriate certifications, the General Conditions, the Supplementary Conditions, the Specifications and the Drawings as the same are more specifically identified in the Construction Agreement, together with all Written Amendments, Change Orders, Work Change Directives, Field Orders, and ENGINEER's written interpretations and clarifications issued on or after the Effective Date of the Construction Agreement. Approved Shop Drawings and the reports and drawings of subsurface and physical conditions are not Contract Documents.

14. *Contract Price*--The moneys payable by OWNER to Contractor for completion of the Work in accordance with the Contract Documents and as stated in the Construction Agreement.

15. *Contract Times*--The numbers of days or the dates stated in the Construction Agreement to: (i) achieve Substantial Completion, and (ii) complete the Work so that it is ready for final payment as evidenced by ENGINEER's written recommendation of final payment.

16. *Contractor*--An individual or entity with whom OWNER enters into a Construction Agreement covering work to be performed or furnished with respect to the Project.

17. *Correction Period*--The time after Substantial Completion during which Contractor must correct, at no cost to OWNER, any Defective Work, normally one year after the date of Substantial Completion or such longer period of time as may be prescribed by Laws or Regulations or by the terms of any applicable special guarantee or specific provision of the Contract Documents.

18. *Defective*--An adjective which, when modifying the word Work, refers to Work that is unsatisfactory, faulty, or deficient, in that it does not conform to the Contract Documents, or does not meet the

requirements of any inspection, reference standard, test, or approval referred to in the Contract Documents, or has been damaged prior to ENGINEER's recommendation of final payment.

19. *Documents*--Data, reports, Drawings, Specifications, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by ENGINEER to OWNER pursuant to this Agreement.

20. *Drawings*--Those parts of the Contract Documents prepared or approved by ENGINEER which graphically shows the scope, extent, and character of the Work to be furnished and performed by Contractor, and which have been prepared or approved by ENGINEER and are referred to in the Contract Documents. Shop Drawings are not Drawings as so defined.

21. *Effective Date of the Construction Agreement*--The date indicated in the Construction Agreement on which it becomes effective. If no such date is indicated, it means the date on which AGENCY concurs with the Construction Agreement.

22. *Effective Date of the Agreement*--The date indicated in this Agreement on which it becomes effective. If no such date is indicated, it means the date on which AGENCY concurs with the Agreement.

23. *ENGINEER's Consultants*--Individuals or entities having a contract with ENGINEER to perform or furnish basic or additional services with respect to this Project as ENGINEER's independent professional associates, consultants, subcontractors, or vendors. The term ENGINEER includes ENGINEER's Consultants.

24. *Field Order*--A written order issued by ENGINEER which directs minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.

25. *General Conditions*-That part of the Contract Documents which sets forth terms, conditions, and procedures that govern the Work to be performed or furnished by Contractor with respect to the Project.

26. *Hazardous Environmental Condition*--The presence at the Site of Asbestos, PCB's, Petroleum, Hazardous Waste, or Radioactive Materials in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto in connection with the Work.

27. *Hazardous Waste*--The term Hazardous Waste shall have the meaning provided in Section 1004 of the Solid Waste Disposal Act (42 USC Section 6903) as amended from time to time.

28. *Laws and Regulations; Laws or Regulations*--Any and all applicable laws, rules, regulations, ordinances, codes, standards, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

29. *PCB's*--Polychlorinated biphenyls.

30. *Petroleum*--Petroleum, including crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute), such as oil, petroleum, fuel oil, oil sludge, oil refuse, gasoline, kerosene, and oil mixed with other non-Hazardous Waste and crude oils.

31. *Radioactive Materials*--Source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954 (42 USC Section 2011 et seq.) as amended from time to time.

32. *Record Drawings*--The Drawings as issued for construction on which the ENGINEER has shown changes due to Addenda or Change Orders and other information which ENGINEER considers significant based on the Drawings, Shop Drawings, and other documents furnished by Contractor to ENGINEER and which were annotated by Contractor to show all changes made during construction.

33. *Reimbursable Expenses*--The expenses incurred directly by ENGINEER in connection with the performing or furnishing of Basic and Additional Services for the Project for which OWNER shall pay ENGINEER pursuant to Exhibit C.

34. *Resident Project Representative*--The authorized representative of ENGINEER, if any, assigned to assist ENGINEER at the Site during the Construction Phase. The Resident Project Representative will be ENGINEER's agent or employee and under ENGINEER's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to by OWNER. The duties and responsibilities of the Resident Project Representative are as set forth in Exhibit D.

35. *Samples*--Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.

36. *Shop Drawings*--All drawings, diagrams, illustrations, schedules, and other data or information which are specifically prepared or assembled by or for Contractor and submitted by Contractor to ENGINEER to illustrate some portion of the Work.

37. *Site*--Lands or areas indicated in the Contract Documents as being furnished by OWNER upon which the Work is to be performed, rights-of-way and easements for access thereto, and such other lands furnished by OWNER which are designated for use of Contractor.

38. *Specifications*—Those portions of the Contract Documents consisting of written technical descriptions of materials, equipment, systems, standards, and workmanship as applied to the Work and certain administrative details applicable thereto.

39. *Substantial Completion*--The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of ENGINEER is sufficiently complete in accordance with the Contract Documents, so that it can be utilized for the purposes for which it is intended. The terms "substantially complete" and "substantially completed" as applied to all or part of the Work refer to Substantial Completion thereof.

40. *Supplementary Conditions*--The part of the Contract Documents which amends or supplements the General Conditions.

41. *Total Project Costs*--The sum of the Construction Cost, allowances for contingencies, the total costs of services of ENGINEER or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to OWNER pursuant to Exhibit B of this Agreement.

42. *Work*--The entire completed construction or the various separately identifiable parts thereof required to be provided under the Contract Documents with respect to this Project. Work includes and is the result of performing or furnishing labor, services, and documentation necessary to produce such construction and furnishing, installing, and incorporating materials and equipment into the construction, all as required by the Contract Documents.

43. *Work Change Directive*--A written directive to Contractor issued on or after the Effective Date of the Construction Agreement and signed by OWNER and AGENCY upon recommendation of ENGINEER, ordering an addition, deletion, or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times but is evidence that the parties expect that the change directed or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

44. *Written Amendment*--A written amendment of the Contract Documents signed by OWNER, Contractor, and AGENCY upon recommendation of ENGINEER on or after the Effective Date of the Construction Agreement and normally dealing with the non-engineering or non-technical rather than strictly construction-related aspects of the Contract Documents.

ARTICLE 8 - EXHIBITS AND SPECIAL PROVISIONS

8.01 Exhibits Included

A. Exhibit A, "ENGINEER's Services," consisting of 10 pages.

B. Exhibit B, "OWNER's Responsibilities," consisting of 3 pages.

C. Exhibit C, "Payments to Engineer for Services and Reimbursable Expenses," consisting of 4 pages.

D. Attachment 1 to Exhibit C "Standard Hourly Rates and Reimbursable Expenses Schedule" consisting of 1 page.

E. Exhibit D, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative," consisting of 4 pages.

F. Exhibit E, "Notice of Acceptability of Work," consisting of 2 pages.

G. Exhibit G, "Insurance," consisting of 2 pages.

H. Exhibit H, "Dispute Resolution," consisting of 2 pages.

8.02 Agency Concurrence

A. Signature of a duly authorized representative of AGENCY in the space provided on the signature page hereof does not constitute a commitment to provide financial assistance or payments hereunder, but does signify that this Agreement conforms to AGENCY's applicable requirements.

8.03 Total Agreement

A. This Agreement (consisting of pages 1 to 13 inclusive, together with the Exhibits identified above) constitutes the entire agreement between OWNER and ENGINEER and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

OWNER:

Frankfort Public Service District

By: A. Blane Murray

Title: Chairman

Date Signed:

Address for giving notices:

Frankfort Public Service District

PO Box 80

Wiley Ford, West Virginia 26767

Designated Representative (paragraph 6.02.A):

A. Blane Murray

Title: Chairman

Phone Number: (304) 738-9552

Facsimile Number: (304) 738-9552

E-Mail Address:

AGENCY CONCURRENCE:

AGENCY:

By (Signature):

Typed Name:

Title:

Date:

ENGINEER:

Rummel, Klepper & Kahl, LLP

By: Robert J. Halbert, P.E.

Title: Partner

Date Signed: 1/12/06

Address for giving notices:

Rummel, Klepper & Kahl, LLP

1 Grand Central Park, Suite 2040

Keyser, West Virginia 26726

Designated Representative (paragraph 6.02.A):

David G. Vanscoy, P.E.

Title: Associate

Phone Number: (304) 788-3370

Facsimile Number: (304) 788-3577

E-Mail Address: dvanscoy@rkkengineers.com

This is **EXHIBIT A**, consisting of 10 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition,** dated _____, _____.

Initial:
OWNER _____
ENGINEER _____

ENGINEER's Services

PART 1 – BASIC SERVICES

A.1.00 ENGINEER shall provide the following Basic Services.

A.1.01 Study and Report Phase.

A. ENGINEER shall:

1. Consult with OWNER to define and clarify OWNER's requirements for the Project and available data.

2. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project designed or specified by ENGINEER, including but not limited to mitigating measures identified in the environmental assessment.

3. Identify and evaluate alternate solutions as listed below available to OWNER and, after consultation with OWNER, recommend to OWNER those solutions which in ENGINEER's best judgment meet OWNER's requirements for the Project. The following alternate solutions will be evaluated:

4. Prepare a Preliminary Engineering Report (the "Report") in accordance with AGENCY guidance. This Report will be accompanied by ENGINEER's opinion of Total Project Costs for Each solution which is so recommended for the Project with each component separately itemized.

5. Prepare applications and supporting documents for private or governmental grants, loans or advances in connection with the Project.

6. Prepare feasibility studies and rate schedules if required for the Project.

7. Perform or provide the following additional Study and Report Phase tasks or deliverables:

   a. Aerial Photography of proposed service area.

8. Furnish review copies of the Report to OWNER and AGENCY within one-hundred-twenty (120) days of authorization to begin services and review it with OWNER and AGENCY.

9. Revise the Report in response to OWNER's, AGENCY's, and other parties' comments, as appropriate, and furnish final copies of the revised Report to the OWNER and AGENCY within sixty (60) days of completion of reviewing it with OWNER and AGENCY.

B. ENGINEER's services under the Study and Report Phase shall be considered complete and subject to payment on the date when the Report is approved by OWNER, AGENCY, and other governmental authorities having jurisdiction. Unless ENGINEER is otherwise notified in writing payment for ENGINEER's services under the Study and Report Phase shall be made within To be determined (TBD) days of submission of final copies of the revised Report.

A1.02 *Preliminary Design Phase*

A. After acceptance by OWNER and AGENCY of the Report, selection by OWNER of a recommended solution and indication of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by OWNER, and upon written authorization from OWNER, ENGINEER shall:

1. On the basis of the above acceptance, selection, and authorization, prepare Preliminary Design Phase documents consisting of final design criteria, preliminary drawings, outline specifications and written descriptions of the Project.

2. Provide necessary field surveys and topographic and utility mapping for design purposes.

3. Provide three copies of maps showing the general location of required construction easements and permanent easements and the land to be acquired.

4. Advise OWNER if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist OWNER in obtaining such reports, data, information, and services.

5. Based on the information contained in the Preliminary Design Phase documents, submit a revised opinion of probable Construction Cost and any adjustments to Total Project Costs known to ENGINEER, which will be itemized as provided in paragraph A1.01.A.5.

6. Perform or provide the following additional Preliminary Design Phase tasks or deliverables:

7. Furnish the Preliminary Design Phase documents for review by and with OWNER and AGENCY.

8. Submit TBD final copies of the Preliminary Design Phase documents and revised opinion of probable Construction Cost to OWNER and AGENCY within TBD days of authorization to proceed with this phase.

B. ENGINEER's services under the Preliminary Design Phase shall be considered complete and subject to payment when the Preliminary Design Phase documents are approved by OWNER, AGENCY and other governmental authorities having jurisdiction.

A.1.03 Final Design Phase

A. After acceptance by OWNER and AGENCY of the Preliminary Design Phase documents and revised opinion of probable Construction Cost as determined in the Preliminary Design Phase, but subject to any OWNER-directed modifications or changes in the scope, extent, character, or design requirements of or for the Project, and upon written authorization from OWNER, ENGINEER shall:

1. On the basis of the above acceptance, direction, and authorization, prepare final Drawings and specifications showing the scope, extent, and character of the Work to be performed and furnished by Contractor. Specifications will be prepared, where appropriate, in general conformance with the 16 division format of the Construction Specifications Institute.

2. Prepare and provide technical criteria, written descriptions, design data and forms for OWNER's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design of the Project, and assist OWNER in consultations with appropriate authorities.

3. Advise OWNER of any adjustments to the opinion of probable Construction Cost and any adjustments to Total Project Costs known to ENGINEER, itemized as provided in paragraph A1.01.A.5.

4. Perform or provide the following additional Final Design Phase tasks or deliverables:

5. Prepare and furnish Bidding Documents for review and approval by OWNER, its legal counsel, and other advisors, as appropriate, and AGENCY, and assist OWNER in the preparation of other related documents. Bidding documents will comply with AGENCY's requirements in effect as of the date of this Agreement.

6. Submit __TBD__ final copies of the Bidding Documents and a revised opinion of probable Construction Cost to OWNER and AGENCY within __TBD__ days of authorization to proceed with this phase.

B. In the event that the Work designed or specified by ENGINEER is to be performed or furnished under more than one prime contract, or if ENGINEER's services are to be separately sequenced with the work of one or more prime Contractors (such as in the case of fast-tracking), OWNER and ENGINEER shall, prior to commencement of the Final Design Phase, develop a schedule for performance of ENGINEER's services during the Final Design, Bidding or Negotiating, Construction, and Post-Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to Exhibit A whether or not the work under such contracts is to proceed concurrently.

C. The number of prime contracts for Work designed or specified by ENGINEER upon which the ENGINEER's compensation has been established under this Agreement is __TBD__.

D. ENGINEER's services under the Final Design Phase shall be considered complete when the final Bidding Documents are approved by OWNER, AGENCY, and other Governmental Authorities having jurisdiction.

A1.04 Bidding or Negotiating Phase

A. After acceptance by OWNER and AGENCY of the Bidding Documents and the most recent opinion of probable Construction Cost as determined in the Final Design Phase, and upon written authorization by OWNER to proceed, ENGINEER shall:

1. Assist OWNER in advertising for and obtaining bids or negotiating proposals for the Work and, where applicable, maintain a record of prospective bidders to whom Bidding Documents have been issued, attend pre-Bid conferences, if any, and receive and process Contractor deposits for accessing the Bidding Documents.

2. Issue Addenda as appropriate to clarify, correct, or change the Bidding Documents.

3. Consult with OWNER as to the acceptability of subcontractors, vendors, suppliers, and other persons and entities proposed by Contractor for those portions of the Work as to which such acceptability is required by the Bidding Documents.

4. Determine the acceptability of substitute materials and equipment proposed when substitution is necessary because the specified item is incompatible with the Project or fails to comply with acceptable codes.

5. Perform or provide the following additional Bidding or Negotiating Phase tasks or deliverables:

6. Attend the Bid opening, prepare Bid tabulation sheets, and assist OWNER in evaluating Bids or proposals and in assembling and awarding contracts for the Work.

B. The Bidding or Negotiating Phase shall be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective Contractors (except as may be required if Exhibit F is a part of this Agreement).

A.1.05 Construction Phase

A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from OWNER, ENGINEER shall:

1. *General Administration of Construction Contract.* Consult with OWNER and act as OWNER's representative as provided in the General Conditions. The extent and limitations of the duties, responsibilities and authority of ENGINEER as assigned in said General Conditions shall not be modified, except as ENGINEER may otherwise agree in writing. All of OWNER's instructions to Contractor will be issued through ENGINEER, who shall have authority to act on behalf of OWNER in dealings with Contractor to the extent provided in this Agreement and said General Conditions except as otherwise provided in writing.

2. *Selecting Independent Testing Laboratory.* Assist OWNER in the selection of an independent testing laboratory to perform the services identified in paragraph B.1.00.0.

3. *Pre-Construction Conference.* Along with the resident project representative, participate in a Pre-Construction Conference prior to commencement of Work at the Site.

4. *Baselines and Benchmarks.* As appropriate, establish baselines and benchmarks for locating the Work which in ENGINEER's judgment are necessary to enable Contractor to proceed.

5. *Visits to Site and Observation of Construction.* In connection with observations of the Work of CONTRACTOR while it is in progress:

a. Make visits to the Site at intervals appropriate to the various stages of construction, as ENGINEER deems necessary, but at least monthly, in order to observe as an experienced and qualified design professional the progress and quality of the various aspects of Contractor's Work. Such visits and observations by ENGINEER, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of Contractor's work in progress or to involve detailed inspections of the work beyond the responsibilities specifically assigned to ENGINEER and this Agreement and the Contract Documents, but rather are to be limited to spot checking, selective sampling and similar methods of general observation of the work based on ENGINEER's exercise of professional judgment as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and such observations, ENGINEER shall determine in general if such work is proceeding in accordance with the Contract Documents and ENGINEER shall keep OWNER informed of the progress of the Work. The responsibilities of ENGINEER contained in this paragraph are expressly subject to the limitations set forth in this paragraph A.1.05.A.5 and other express or general limitations and this Agreement and elsewhere.

b. The purpose of ENGINEER's visits to, and representation by the Resident Project Representative, if any, at the Site, will be to enable ENGINEER to better carry out the duties and responsibilities assigned to and undertaken by ENGINEER during the Construction Phase, and, in addition, by the exercise of ENGINEER's efforts as an experienced and qualified design professional, to express and inform professional opinion that the completed work of Contractor will conform in general to the Contract Documents and that the integrity of the design concept of the completed project as a functioning whole as indicated in the Contract Documents has been implemented and preserved by the Contractor. ENGINEER shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over Contractor's work, nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to the Work of Contractor or for any failure of Contractor to comply with Laws, Rules, Regulations, Ordinances, Codes, or Orders applicable to Contractor's furnishing and performing the Work. Accordingly, ENGINEER neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform its work in accordance with the Contract Documents.

6. *Defective Work.* During such visits and on the basis of such observations, ENGINEER shall have authority to recommend to OWNER that Contractor's work be disapproved and rejected while it is in progress if ENGINEER believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.

7. *Clarifications and Interpretations; Field Orders.* Issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of the work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. ENGINEER may issue Field Orders authorizing minor variations from the requirements of the Contract Documents.

8. *Change Orders and Work Change Directives.* Recommend Change Orders and Work Change Directives to OWNER, as appropriate, and shall prepare Change Orders and Work Change Directives as required.

9. *Shop Drawings and Samples.* Review and approve or take other appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. Such reviews and approvals or other action will be completed within 14 days of receipt of Contractor's submittal by ENGINEER and will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.

10. *Substitutes* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of paragraph A.2.01.A.21 of this Exhibit A.

11. *Inspections and Tests.* Require such special inspections or tests of the Work as deemed reasonably necessary, and receive and review all certificates of inspections, tests, and approvals required by Laws, Rules, Regulations, Ordinances, Codes, Orders or the Contract Documents. ENGINEER's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Contract Documents. ENGINEER shall be entitled to rely on the results of such tests.

12. *Disagreements between OWNER and Contractor.* Render formal written decisions on all claims of OWNER and Contractor relating to the acceptability of the Work or the interpretation of the requirements of the Contract Documents pertaining to the execution and the progress of the Work. In rendering such decisions, ENGINEER shall be fair and not show partiality to OWNER or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.

13. *Applications for Payment.* Based on ENGINEER's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:

    a. Recommend the amounts that Contractor be paid. Such recommendations of payment will be in writing and will constitute ENGINEER's representation to OWNER, based on such observations and review, that, to the best of ENGINEER's knowledge, information and belief, the work has progressed to the point indicated, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is ENGINEER's responsibility to observe the work. In the case of unit price work, ENGINEER's recommendations of payment will include final determinations of quantities and classifications of such work (subject to any subsequent adjustments allowed by the Contract Documents). The responsibilities of ENGINEER contained in paragraph A.1.05.A.5.a are expressly subject to the limitations set forth in paragraph A1.05.A.5.b and other express or general limitations in this Agreement and elsewhere.

    b. By recommending any payment, ENGINEER shall not thereby be deemed to have represented that observations made by ENGINEER to check the quality or quantity of Contractor's work as it is performed and furnished have been exhaustive, extended to every aspect of the work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to ENGINEER in this Agreement and the Contract Documents. Neither ENGINEER's review of Contractor's work for the purposes of recommending payments nor ENGINEER's recommendation of any payment including final payment will impose on ENGINEER responsibility to supervise, direct, or control such Work or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with Laws, Rules, Regulations, Ordinances, Codes, or Orders applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on ENGINEER to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any of the work, materials, or equipment has passed to OWNER free and clear of any liens, claims, security interests, or encumbrances, or that there may not be other matters at issue between OWNER and Contractor that might affect the amount that should be paid.

14. *Contractor's Completion Documents.* Receive and review maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance required by the Contract Documents, Certificates of Inspection, tests and approvals, and marked up record documents including Shop Drawings, Samples and other data approved as provided under paragraph A1.05.A.9 and marked up record drawings which are to be assembled by Contractor in accordance with the

Contract Documents to obtain final payment, but the extent of such review will be limited as provided in paragraph A1.05.A.13.; and ENGINEER shall transmit these documents to OWNER.

15. *Record Drawings* Prepare and furnish to OWNER a set of reproducible project record drawings showing appropriate record information based on project documentation received from RPR and CONTRACTOR.

16. *Substantial Completion.* Following notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with OWNER, AGENCY;s representative, and Contractor, conduct an inspection to determine if the Work is Substantially Complete. If after considering any objections of OWNER, ENGINEER considers the Work Substantially Complete, ENGINEER shall deliver a certificate of Substantial Completion to OWNER, AGENCY, and Contractor.

17. Perform or provide the following additional Construction Phase tasks or deliverables:

18. *Final Notice of Acceptability of the Work.* In company with OWNER's and AGENCY's representative, conduct a final inspection to determine if the completed Work of Contractor is acceptable so that ENGINEER may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, ENGINEER shall also provide a notice in the form attached hereto as Exhibit E (the "Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of paragraph A1.05.A.13.b) to the best of ENGINEER's knowledge, information, and belief and based on the extent of the services provided by ENGINEER under this Agreement.

B. Unless otherwise notified in writing by OWNER, ENGINEER shall provide the services of a Resident Project Representative (RPR) at the Site to assist ENGINEER and to provide more continuous observations of such work on a full-time basis unless part-time services are expressly approved by AGENCY and this Agreement is amended accordingly. ENGINEER will, prior to the pre-construction conference, submit a resume of the RPR's qualifications for approval by OWNER and AGENCY. The duties, responsibilities, and limitations of authority of the RPR are as set forth in Exhibit D. The furnishing of such Resident Project Representative services will not extend ENGINEER's responsibilities or authority beyond the specific limits set forth elsewhere.

C. *Limitation of Responsibilities.* ENGINEER shall not be responsible for the acts or omissions of any Contractor, or of any of their subcontractors, vendors, suppliers, or of any other individual or entity performing or furnishing any of the Work. ENGINEER shall not be responsible for any Contractor's failure to perform or furnish the Work in accordance with the Contract Documents.

D. *Duration of Construction Phase.* The Construction Phase will commence with the execution of the Construction Agreement for the Project or any part thereof and will terminate upon written recommendation by ENGINEER of final payment to Contractor. If the Project involves more than one prime contract as indicated in paragraph A1.03.C, Construction Phase services may be rendered at different times in respect to the separate construction agreements.

A1.06 *Post-Construction Phase*

A. Upon written authorization from OWNER, during the Post-Construction Phase, ENGINEER shall:

1. Provide assistance to OWNER in connection with the refining and adjusting of any Project equipment or systems, in training owner's staff to operate and maintain the Project, equipment, and system, and, in developing systems and procedures for control of its operation and maintenance of and record keeping for the project.

2. Together with OWNER and AGENCY's representative, visit the project to observe any apparent defects in the completed work, assist OWNER in consultations and discussions with Contractor concerning correction of such defects, and make recommendations as to replacement or correction of defective work.

3. Perform or provide the following additional Post-Construction Phase tasks or deliverables:

4. In company with OWNER (or OWNER's representative) and AGENCY's representative, perform a warranty inspection of the Project in the 11th month following Substantial Completion to ascertain whether items of Construction are subject to correction.

B. The ENGINEER shall provide a total of __TBD__ hours of assistance and necessary reimbursable expenses in providing services during the Post-Construction Phase.

C. The Post-Construction Phase services may commence during the Construction Phase and will terminate one year after the date of Substantial Completion.

PART 2 -- ADDITIONAL SERVICES

A2.01 Additional Services Requiring OWNER's Authorization in Advance

A. If authorized in writing by OWNER, and with AGENCY concurrence, ENGINEER shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by OWNER as indicated in Article 4 of the Agreement.

1. Preparation or review of environmental assessments and impact statements; review and evaluation of the effects on the design requirements for the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.

2. Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by OWNER.

3. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by ENGINEER or its design requirements including, but not limited to, changes in size, complexity, OWNER's schedule, character of construction or method of financing; and revising previously accepted studies, reports, Drawings, Specifications or Contract Documents when such revisions are required by changes in laws, rules, regulations, ordinances, codes, standards or orders enacted subsequent to the Effective Date of this Agreement or are due to any other causes beyond ENGINEER's control. Redesign to reduce Project costs to within the funds available as stated in Exhibit F shall not be considered Additional Services.

4. Services resulting from evaluation by ENGINEER during the Study and Report Phase at OWNER's request of alternative solutions in addition to those specified in Part 1.

5. Services required as a result of OWNER's providing incomplete or incorrect Project information, with respect to Exhibit B.

6. Providing renderings or models for OWNER's use.

7. Preparing documents for alternate bids requested by OWNER for Contractor's work which is not executed or documents for out-of-sequence work.

8. Undertaking investigations and studies including, but not limited to, detailed consideration of operations, maintenance, and overhead expenses; the preparation of detailed cash flow and economic evaluations and appraisals; evaluating processes available for licensing and assisting OWNER in obtaining process licensing; detailed audits or inventories required in connection with construction performed by OWNER.

9. Furnishing services of ENGINEER's Consultants for other than Basic Services.

10. Services attributable to more prime construction contracts than specified in paragraph A1.03.C.
11. Services (which are not part of Basic Services) during out-of-town travel required of ENGINEER other than for visits to the Site or OWNER's office.

12. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructability review requested by OWNER; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other Bidding Documents as a result of such review processes.

13. Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents, or when it is learned after completing of the Final Design phase that the specified material or equipment is no longer manufactured or cannot be delivered in sufficient time to permit its timely incorporation into the Work.

14. Assistance in connection with Bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services. Rebidding or renegotiating contracts to reduce the contract cost to funds available as stated in Exhibit F shall not be considered Additional Services.

15. Providing construction surveys and staking to enable Contractor to perform work, other than required under paragraph A1.05.A., and any type of property surveys or related engineering services needed for the transfer of interests in real property; and providing other special field surveys.

16. Providing Construction Phase services beyond the Contract Times set forth in Exhibit C.

17. Preparation of operating, maintenance and staffing manuals to supplement Basic Services under paragraph A.1.06.A.

18. Preparing to serve or serving as a consultant or witness to OWNER in any litigation, arbitration or other dispute resolution process related to the Project.

19. Providing more extensive services required to enable ENGINEER to issue notices or certifications requested by OWNER under paragraph 6.01.G.

20. Services in connection with Work Change Directives and Change Orders to reflect changes requested by OWNER so as to make the compensation commensurate with the extent of the Additional Services rendered.

21. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or-equal" items; and services after the award of the construction contract in evaluating and determining the acceptability of a substitution.

22. Additional or extended services during construction made necessary by (1) emergencies or acts of God endangering the Work, (2) work damaged by fire or other cause during construction, (3) a significant

amount of defective, neglected or delayed work by Contractor, (4) acceleration of the progress schedule involving services beyond normal working hours, or (5) default by Contractor.

23. Evaluating an unreasonable claim or an excessive number of claims submitted by Contractor or others in connection with the Work.

24. Assistance provided by ENGINEER to OWNER in excess of the hours specified in paragraph A.1.06 (Post-Construction Phase).

25. Other services performed or furnished by ENGINEER not otherwise provided for in this Agreement.

This is **EXHIBIT B**, consisting of 3 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition,** dated _____, _____.

Initial:
OWNER
ENGINEER

OWNER's Responsibilities

PART 1 – FURTHER RESPONSIBILITIES OF OWNER

B.1.00 In addition to other responsibilities of OWNER as set forth in this Agreement, OWNER shall:

A. Provide ENGINEER with all criteria and full information as to OWNER's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the Drawings and Specifications; and furnish copies of OWNER's standard forms, conditions, and related documents for ENGINEER to include in the Bidding Documents, when applicable.

B. Furnish to ENGINEER any other available information pertinent to the Project including reports and data relative to previous designs, or investigation at or adjacent to the Project Site.

C. Following ENGINEER's assessment of initially-available Project information and data and upon ENGINEER's request, furnish or otherwise make available such additional Project related information and data as is reasonably required to enable ENGINEER to complete its Basic and Additional Services. Such additional information or data would generally include the following:

1. property descriptions;

2. zoning, deed, and other land use restrictions;

3. property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points;

4. data prepared by or services of others, including without limitation explorations and tests of subsurface conditions at or contiguous to the Site, drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site, or hydrographic surveys, with appropriate professional interpretation thereof;

5. environmental assessments, audits, investigations and impact statements, and other relevant environmental or cultural studies as to the Project, the Site, and adjacent areas; and

6. data or consultations as required for the Project but not otherwise identified in the Agreement or the Exhibits thereto.

D. Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of a Hazardous Environmental Condition or of any development that affects the scope or time of performance of ENGINEER's services, or any defect or nonconformance in ENGINEER's services or in the work of any Contractor.

E. Furnish as appropriate other services or direct ENGINEER to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement as required.

F. Arrange for safe access to and make all provisions for ENGINEER and ENGINEER's Consultants to enter upon public and private property as required for ENGINEER to perform services under the Agreement.

G. Examine all alternate solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by ENGINEER (including obtaining advice of an attorney, insurance counselor, and other consultants as OWNER deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.

H. Obtain reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all Phases of the Project designed or specified by ENGINEER and such reviews, approvals, and consents from others as may be necessary for completion of each Phase of the Project.

I. Provide, as required for the Project:

1. accounting, bond and financial advisory, independent cost estimating, and insurance counseling services;

2. legal services with regard to issues pertaining to the Project as OWNER requires, Contractor raises, or ENGINEER reasonably requests.

3. such auditing services as OWNER requires to ascertain how or for what purpose Contractor has used the moneys paid; and

4. placement and payment for advertisement for Bids in appropriate publications.

J. Advise ENGINEER of the identity and scope of services of any independent consultants employed by OWNER to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructability review.

K. Furnish to ENGINEER data as to OWNER's anticipated costs for services to be provided by others for OWNER so that ENGINEER may make the necessary calculations to develop and periodically adjust ENGINEER's opinion of Total Project Costs.

L. If Resident Project Representative services are not provided pursuant to paragraph A.1.05.B.1 or otherwise, provide a representative to observe the progress and quality of the Work.

M. If OWNER designates a construction manager, an individual or entity other than, or in addition to, ENGINEER to represent OWNER at the Site, define and set forth in this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities and authority of ENGINEER.

N. Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings and Substantial Completion, final payment, and warranty inspections.

O. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of samples, materials, and equipment required by the Contract Documents, or to evaluate the performance of materials, equipment, and facilities of OWNER, prior to their incorporation into the Work, with appropriate professional interpretation thereof.

P. Provide inspection or monitoring services by an individual or entity other than ENGINEER (and disclose the identity of such individual or entity to ENGINEER) as OWNER determines necessary to verify:

1. That Contractor is complying with any Laws or Regulations applicable to Contractor's performing and furnishing the Work; or

2. That Contractor is taking all necessary precautions for safety of persons or property and complying with any special provisions of the Contract Documents applicable to safety.

Q. Provide ENGINEER with the findings and reports generated by the entities providing services pursuant to paragraphs B.1.00.P. and Q.

R. Perform or provide the following additional services:

This is **EXHIBIT C**, consisting of 4 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition**, dated _____, _____.

Initial:
OWNER
ENGINEER RJH

Payments to ENGINEER for Services and Reimbursable Expenses

Article 4 of the Agreement is supplemented as follows:

ARTICLE 4 – PAYMENTS TO THE ENGINEER – LUMP SUM METHOD

C.4.01 General

A. OWNER shall pay ENGINEER for all services described in Part 1 of Exhibit A performed or furnished by ENGINEER, with the exception of Resident Project Representative services, as follows:

1. For services performed or furnished under paragraph A.1.01, the Lump Sum amount of One-Hundred-Three-Thousand Dollars ($103,000.00). **$33,000.00 will be due upon delivery of the draft Preliminary Engineering Report. $70,000.00 will be due at such time as the District receives design funding for the project. Revised per PSC Order entered January 5, 2004, Case No. 03-1632-PSD-PC.**

2. For services performed or furnished under paragraphs A.1.02 through A.1.06 (excluding the services of the Resident Project Representative), the Lump Sum amount of TBD Dollars ($ TBD).

3. The Lump Sum compensation for services performed or furnished under paragraphs A.1.02 through A.1.06 shall be payable as follows:

   a. A sum which equals 50 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, above, after the Final Design Phase documents are completed and submitted to OWNER and AGENCY.
   b. A sum which, together with the compensation provided under paragraph C.4.01.A.3.a, above, equals 70 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, after Final Design Phase Services are considered complete as defined in Exhibit A.
   c. A sum, which, together with the compensation provided in paragraphs C.4.01.A.3.a and b, above, equals 80 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, immediately after Contracts for Work are awarded.
   d. A sum equal to 15 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2 will be paid for general engineering review of the Contractor's Work during the construction period on percentage ratios identical to those approved by the ENGINEER as a basis upon which to make partial payments to the CONTRACTOR(s). Payments will be made on a monthly basis. However, payment under this paragraph and of such additional sums as are due the ENGINEER by reason of any necessary adjustments in the payment computations will be in an amount so that the aggregate of the sums paid to the ENGINEER under paragraphs C.4.01.A.3.a through C.4.01.A.3.d will equal 95 percent of the Lump Sum amount stipulated in paragraph C.4.01.A.2.
   e. A final payment which, together with the compensation provided in paragraphs C.4.01.A.3.a through C.4.01.A.3.d, equals 100 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, shall be made when it is determined that all services required under paragraphs A.1.02 through A.1.05 have been completed. Such payment includes payment for Post-Construction Phase services. ENGINEER remains responsible to OWNER for the technical adequacy and completeness of such services.

B. *Period of Service.* The compensation amount stipulated in paragraph C.4.01.A.2 is conditioned on a period of service not exceeding __TBD__ months. Should such period of service be extended, the compensation amount for ENIGNEER's services shall be appropriately adjusted.

C. *Payments Upon Termination.* In the event of termination at any time during the performance of the Basic Services for which the ENGINEER's compensation is the amount set forth in paragraph C.4.01.A.2, ENGINEER shall be paid through the Effective Date of Termination according to the portion of services rendered. Provisions of Paragraph 6.06.A of the Agreement shall apply in determining payment.

D. *Construction Cost Limit.* If paragraph 5.02 of the Agreement is amended and supplemented by Exhibit F, ENGINEER shall so modify the Contract Documents thereunder without an increase in compensation for Basic Services provided and furnished under paragraph C.4.01.

C.4.02 For Resident Project Representative Services

A. OWNER shall pay ENGINEER for Resident Project Representative services under paragraph A.1.05 (Construction Phase) as follows:

1. Services and Reimbursable Expenses in accordance with Attachment 1.

2. The total compensation for Resident Project Representative services is predicated on the Contract Times not exceeding __TBD__ months and is estimated to be $ __TBD__ which such compensation shall not be exceeded without written approval of OWNER and concurrence of AGENCY.

3. ENGINEER will submit itemized invoices pursuant to paragraph 4.02.A for services furnished and Reimbursable Expenses incurred during the billing period. The invoice will be due and payable by the OWNER to the ENGINEER on or before the 10th day of the following period.

4. Payment for Resident Project Representative Services shall be on a monthly basis prorated according to the percentage of construction completed.

C.4.03 For Additional Services

A. Additional Services are those services described in Part 2 of Exhibit A.

B. OWNER shall pay ENGINEER for Additional Services as follows:

1. For services of ENGINEER's employees engaged directly on the Project pursuant to Part 2 of Exhibit A, an amount equal to the cumulative hours devoted to the Project by each billing class of ENGINEER's employees times the hourly rates for each applicable billing class plus Reimbursable Expenses.

2. ENGINEER's Standard Hourly Rates Schedule and Reimbursable Expenses Schedule is attached to this Exhibit C as Attachment 1.

3. The estimated total compensation for services under this paragraph C.4.03 is estimated to be $__TBD__, which shall not be exceeded without the written approval of OWNER and the written concurrence of AGENCY.

C.4.04 For Reimbursable Expenses

A. Compensation to ENGINEER under paragraph C.4.01 includes payment for the following categories of Reimbursable Expenses: transportation and subsistence incidental thereto; costs associated with obtaining bids or proposals from Contractor(s); toll telephone calls, facsimiles and currier services; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items.

B. Reimbursable Expenses reasonably and necessarily incurred in connection with services provided under paragraphs C.4.02 and C.4.03 include providing and maintaining field office facilities including furnishings and utilities, subsistence and transportation for Resident Project Representatives and their assistants, and will be paid at the rate set forth in Attachment 1.

C.4.05 ENGINEER's Consultants' Charges

A. Compensation to ENGINEER for services provided under Exhibit C includes:

1. ENGINEER's Consultants' charges.

2. ENGINEER's general and administrative overhead and profit associated with its responsibility for and the expenses of such services and direct costs.

C.4.06 Standard Hourly Rates

A. Standard Hourly Rates set forth is Attachment 1 include salaries and wages paid to personnel in each billing class, the cost of customary and statutory benefits, general and administrative overhead, and operating margin or profit.

C.4.07 Adjustments

A. All adjustments to ENGINEER's compensation shall be in accordance with generally accepted accounting practices as applied on a consistent basis by ENGINEER and consistent with ENGINEER's overall compensation practices and procedures.

B. The Standard Hourly Rates and Reimbursable Expenses Schedules used in determining compensation payable to ENGINEER will be adjusted annually (as of January 1 of each year) to reflect equitable changes in the various components of said schedules.

C.4.08 Summary of Payments to ENGINEER

A. The compensation provisions of this Exhibit C are summarized as follows:

Description of Service	Amount	Basis of Payment
1. Study and Report Phase Complete	$ 103,000.00	Lump Sum
2. Basic Services		
a. Final Design Phase Documents Completed and Submitted to OWNER and AGENCY	$ TBD	
b. Final Design Phase Complete	$ TBD	
c. Contracts Awarded	$ TBD	
d. Construction Phase Periodic Payments (Aggregate)	$ TBD	
e. Construction Phase Complete	$ TBD	
3. Resident Project Representative	$ TBD *	Attachment 1
4. Additional Services	$	Hourly / Expenses
TOTAL ESTIMATED CONTRACT AMOUNT	$	

* Compensation amounts so designated are estimates only, and ENGINEER shall be paid in full for all authorized Project-related services.

Total payment for the Study and Report Phase will be $103,000.00. Frankfort Public Service District will pay to RK&K $33,000.00 upon delivery of the draft Preliminary Engineering Report. **RK&K will defer payment of the $70,000 balance due for the Preliminary Study engineering costs until such time as the District receives design funding for the underlying project. Revised per PSC Order entered January 5, 2004, Case No. 03-1632-PSD-PC.**

This is **Attachment 1**, consisting of 1 page, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition**, dated _____, _____.

Initial:

OWNER _____

ENGINEER _____

Standard Hourly Rates and Reimbursable Expenses Schedule

Current agreements for engineering services stipulate that the Standard Hourly Rates and Reimbursable Expenses are subject to periodic review and adjustment as stated in Exhibit C. Hourly rates in effect on January 1, 2006 are:

Associate/Regional Manager	$135.00/hour
Project Engineer	80.00/hour
Engineer/Designer	55.00/hour
Cad Operator	45.00/hour
Survey Crew (3 Man)	98.00/hour
Survey Crew (2 Man)	65.00/hour
Construction Inspector	45.00/hour

Reimbursable Expenses rates in effect on January 1, 2006 are:

Mileage	44.5 Cents Per Mile
Meals and Lodging	At Cost
Engineer's Consultants	Cost + 15%
Test Equipment	Cost + 15%
Expendable Test Supplies	Cost + 15%
Copies	Cost + 15%

This is **EXHIBIT D**, consisting of 4 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Addition,** dated _____, _____.

Initial:
OWNER
ENGINEER RDL

Duties, Responsibilities, and Limitations of Authority of Resident Project Representative

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D.6.02 Resident Project Representative

A. ENGINEER shall furnish a Resident Project Representative ("RPR"), assistants, and other field staff to assist ENGINEER in observing progress and quality of the Work. The RPR, assistants, and other field staff under this Exhibit D shall provide full time representation unless waived by AGENCY.

B. Through such additional observations of Contractor's work in progress and field checks of materials and equipment by the RPR and assistants, ENGINEER shall endeavor to provide further protection for OWNER against defects and deficiencies in the Work. However, ENGINEER shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over the Contractor's Work nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences, or procedures selected by Contractor, for safety precautions and programs incident to the work, for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's performing and furnishing the Work, or responsibility of construction for Contractor's failure to furnish and perform the Work in accordance with the Contract Documents. In addition, the specific limitations set forth in section A.1.05 are applicable.

C. The duties and responsibilities of the RPR are limited to those of ENGINEER in ENGINEER's Agreement with the OWNER and in the Construction Contract Documents, and are further limited and described as follows:

1. *General:* RPR is ENGINEER's agent at the Site, will act as directed by and under the supervision of ENGINEER, and will confer with ENGINEER regarding RPR's actions. RPR's dealings in matters pertaining to the Contractor's work in progress shall in general be with ENGINEER and Contractor, keeping OWNER advised as necessary. RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of Contractor. RPR shall generally communicate with OWNER with the knowledge of and under the direction of ENGINEER.

2. *Schedules:* Review the progress schedule, schedule of Shop Drawings submittals and schedule of values prepared by Contractor and consult with ENGINEER concerning acceptability.

3. *Conferences and Meetings:* Attend meetings with Contractor, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.

4. *Liaison:*

   a. Serve as ENGINEER's liaison with Contractor, working principally through Contractor's superintendent and assist in understanding the intent of Contract Documents; and assist ENGINEER in serving as OWNER's liaison with Contractor when Contractor's operations affect OWNER's on-Site operations;

b. assist in obtaining from OWNER additional details or information, when required for proper execution of the Work.

5. *Interpretation of Contract Documents:* Report to ENGINEER when clarifications and interpretations of the Contract Documents are needed and transmit to Contractor clarifications and interpretations as issued by ENGINEER.

6. *Shop Drawings and Samples:*

   a. Record date of receipt of approved Shop Drawings and samples.

   b. Receive Samples which are furnished at the Site by Contractor, and notify ENGINEER of availability of Samples for examination.

   c. Advise ENGINEER and Contractor of the commencement of any portion of the Work requiring a Shop Drawing or Sample for which RPR believes that the submittal has not been approved by ENGINEER.

7. *Modifications:* Consider and evaluate Contractor's suggestions for modifications in Drawings or Specifications and report with RPR's recommendations to ENGINEER. Transmit to Contractor in writing decisions as issued by ENGINEER.

8. *Review of Work, Rejection of Defective Work, Inspections and Tests:*

   a. Conduct on-Site observations of Contractor's work in progress to assist ENGINEER in determining if the Work is in general proceeding in accordance with the Contract Documents.

   b. Report to ENGINEER whenever RPR believes that any part of Contractor's work in progress will not produce a completed Project that conforms generally to the Contract Documents or will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise ENGINEER of that part of Contractor's work in progress that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.

   c. Verify that tests, equipment and systems startups and operating and maintenance training are conducted in the presence of appropriate personnel, and that the Contractor maintains adequate records thereof; and observe, record and report to ENGINEER appropriate details relative to the test procedures and startups.

   d. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Project, record the results of these inspections and report to ENGINEER.

9. *Inspections, Tests, and System Startups:*

   a. Consult with ENGINEER in advance of scheduled major inspections, tests, and systems startups of important phases of the Work.

   b. Verify that tests, equipment, and systems start-ups and operating and maintenance training are conducted in the presence of appropriate OWNER's personnel, and that Contractor maintains adequate records thereof.

   c. Observe, record, and report to ENGINEER appropriate details relative to the test procedures and systems startups.

10. *Records:*

a. Maintain at the job Site orderly files for correspondence, reports of job conferences, reproductions of original Contract Documents including all Work Change Directives, Addenda, Change Orders, Field Orders, and additional Drawings issued subsequent to the execution of the Contract, ENGINEER's clarifications and interpretations of the Contract Documents, progress reports, Shop Drawing and Sample submittals received from and delivered to Contractor, and other Project related documents.

b. Prepare a daily report or keep a diary or log book, recording Contractor's hours on the job Site, weather conditions, data relative to questions of Change Orders, Field Orders, Work Change Directives, or changed conditions, Site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to ENGINEER.

c. Record names, addresses and telephone numbers of all Contractors, subcontractors, and major suppliers of materials and equipment.

d. Maintain records for use in preparing Project documentation.

e. Upon completion of construction, furnish original set of all RPR Project documentation to ENGINEER.

11. *Reports:*

a. Furnish to ENGINEER periodic reports as required of progress of the Work and of Contractor's compliance with the progress schedule and schedule of Shop Drawing and Sample submittals.

b. Draft and recommend to ENGINEER proposed Change Orders, Work Change Directives, and Field Orders. Obtain backup material from Contractor.

c. Furnish to ENGINEER and OWNER copies of all inspection, test, and system startup reports.

d. Report immediately to ENGINEER the occurrence of any Site accidents, any Hazardous Environmental Conditions, emergencies, or acts of God endangering the Work, and property damaged by fire or other causes.

12. *Payment Requests:* Review Applications for Payment with Contractor for compliance with the established procedure for their submission and forward with recommendations to ENGINEER, noting particularly the relationship of the payment requested to the schedule of values, Work completed and materials and equipment delivered at the Site but not incorporated in the Work.

13. *Certificates, Maintenance and Operation Manuals:* During the course of the Work, verify that materials and equipment certifications, maintenance and operation manuals and other data required by the Specifications to be assembled and furnished by Contractor are applicable to the items actually installed and in accordance with the Contract Documents, and have these documents delivered to ENGINEER for review and forwarding to OWNER prior to payment for that part of the Work.

14. *Completion:*

a. Before ENGINEER issues a Certificate of Substantial Completion, submit to Contractor a list of observed items requiring completion or correction.

b. Observe whether Contractor has had performed inspections required by Laws and Regulations applicable to the Work, including but not limited to those to be performed by public agencies having jurisdiction over the Work.

c. Participate in a final inspection in the company of ENGINEER, OWNER, AGENCY's representative and Contractor and prepare a final list of items to be completed or corrected.

d. Observe whether all items on final list have been completed or corrected and make recommendations to ENGINEER concerning acceptance and issuance of the Notice of Acceptability of the Work.

D. Limitations of Authority of RPR

Resident Project Representative shall not:

1. Authorize any deviation from the Contract Documents or substitution of materials or equipment (including "or-equal" items), unless authorized by ENGINEER.

2. Exceed limitations of ENGINEER's authority as set forth in the Agreement or the Contract Documents.

3. Undertake any of the responsibilities of Contractor, subcontractors, suppliers, or Contractor's superintendent.

4. Advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of Contractor's work unless such advice or directions are specifically required by the Contract Documents.

5. Advise on, issue directions regarding, or assume control over safety precautions and programs in connection with the activities or operations of OWNER or Contractor.

6. Accept Shop Drawing or Sample submittals from anyone other than Contractor.

7. Authorize OWNER to occupy the Project in whole or in part.

8. Participate in specialized field or laboratory tests or inspections conducted off-site by others except as specifically authorized by ENGINEER.

This is **EXHIBIT E,** consisting of 2 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition,** dated _____, _____.

Initial:

OWNER _____

ENGINEER _____

NOTICE OF ACCEPTABILITY OF WORK

PROJECT:

OWNER:

CONSTRUCTION Contract Identification:

AGENCY:

CONTRACTOR:

EFFECTIVE DATE OF THE CONSTRUCTION AGREEMENT:

ENGINEER:

To: OWNER

And To: AGENCY

And To: CONTRACTOR

The undersigned hereby gives notice to the above OWNER, AGENCY, and CONTRACTOR that the completed Work furnished and performed by CONTRACTOR under the above Contract is acceptable, expressly subject to the provisions of the related Contract Documents and the terms and conditions set forth on the reverse side hereof.

By: _____

Title: _____

Dated: _____, 20___

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work (Notice) on the front side of this sheet is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. Said Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.

2. Said Notice reflects and is an expression of the professional judgment of ENGINEER.

3. Said Notice is given as to the best of ENGINEER's knowledge, information and belief as of the date hereof.

4. Said Notice is based entirely on and expressly limited by the scope of services ENGINEER has been employed by OWNER to perform or furnish during construction of the Project (including observation of Contractor's Work) under ENGINEER's Agreement with OWNER and under the Contract referenced on the reverse hereof, and applies only to facts that are within ENGINEER's knowledge or could reasonably have been ascertained by ENGINEER as a result of carrying out the responsibilities specifically assigned to ENGINEER under ENGINEER's Agreement with OWNER and the Contract referenced on the reverse hereof.

5. Said Notice is not a guarantee or warranty of CONTRACTOR's performance under the Contract referenced on the reverse hereof nor an assumption of responsibility for any failure of CONTRACTOR to furnish and perform the Work thereunder in accordance with the Contract Documents.

This is **EXHIBIT G**, consisting of 2 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition,** dated _____, _____.

Initial:

OWNER _____

ENGINEER _____

Insurance

Paragraph 6.05 of the Agreement is amended and supplemented to include the following agreement of the parties.

G6.05 *Insurance*

A. The limits of liability for the insurance required by paragraph 6.05.A and 6.05.B of the Agreement are as follows:

1. By ENGINEER:

a. Workers' Compensation:	Statutory
b. Employer's Liability --	
1) Each Accident:	$ 500,000.00
2) Disease, Policy Limit:	$_____
3) Disease, Each Employee:	$_____
c. General Liability --	
1) Each Occurrence (Bodily Injury and Property Damage):	$ 1,000,000.00
2) General Aggregate:	$ 2,000,000.00
d. Excess or Umbrella Liability --	
1) Each Occurrence:	$ 5,000,000.00
2) General Aggregate:	$ 5,000,000.00
e. Automobile Liability --	
1) Bodily Injury:	
a) Each Accident	$_____
2) Property Damage:	
a) Each Accident	$_____
[or]	
1) Combined Single Limit (Bodily Injury and Property Damage): Each Accident	$ 1,000,000.00
f. Other (specify):	
_____	$_____

2. By OWNER:

a. Workers' Compensation: Statutory

b. Employer's Liability --
   1) Each Accident $_____
   2) Disease, Policy Limit $_____
   3) Disease, Each Employee $_____

c. General Liability --
   1) General Aggregate: $_____
   2) Each Occurrence (Bodily Injury and Property Damage): $_____

d. Excess Umbrella Liability --
   1) Each Occurrence: $_____
   2) General Aggregate: $_____

e. Automobile Liability --
   1) Bodily Injury:
      a) Each Accident $_____

   2) Property Damage:
      a) Each Accident $_____

[or]

   1) Combined Single Limit (Bodily Injury and Property Damage): Each Accident $_____

f. Course of Construction (Builder's Risk) $ _____

g. Other (specify):

_____ $_____

B. *Additional Insureds*

1. The following persons or entities are to be listed on OWNER's policies of insurance as additional insureds as provided in paragraph 6.05.B:

a. Rummel, Klepper & Kahl, LLP
ENGINEER

b. _____
ENGINEER'S CONSULTANT

c. _____
ENGINEER'S CONSULTANT

This is **EXHIBIT H**, consisting of 2 pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services – Funding Agency Edition,** dated _____, _____.

Initial:

OWNER _____

ENGINEER _____

Dispute Resolution

H.6.09. Dispute Resolution

A. OWNER and ENGINEER agree that they shall first submit any and all unsettled claims, counterclaims, disputes and other matters in question between them arising out of or relating to this Agreement or the breach thereof ("disputes"), to mediation by _____ prior to either of them requesting arbitration pursuant to paragraphs H.6.09.B through H.6.09.F. The requirement of paragraph H.6.09.C that a request for arbitration must be filed within a reasonable time shall be suspended with respect to a dispute submitted to mediation within that same applicable time limit and shall remain suspended until ten days after the termination of the mediation. The mediator of any dispute submitted to mediation under this Agreement shall not serve as arbitrator of such dispute unless otherwise agreed.

B. If the parties mutually agree, all disputes between OWNER and ENGINEER not resolved under paragraph H.6.09.A will be decided by arbitration in accordance with the _____ then obtaining, subject to the limitations and restrictions stated in paragraphs H.6.09.D and H.6.09.E below. Any such agreement so to arbitrate and any other agreement or consent to arbitrate entered into in accordance herewith as provided in this paragraph H.6.09 will be specifically enforceable under the prevailing law of any court having jurisdiction.

C. Notice of the demand for arbitration must be filed in writing with the other party to the Agreement and with the _____. The demand must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may the request for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

D. Except as provided in paragraph H.6.09.E below, no arbitration arising out of or relating to the Agreement will include by consolidation, joinder or in any other manner any other person or entity who is not a party to the Agreement unless each of the following is met:

1. the inclusion of such other person or entity is necessary if complete relief is to be afforded among those who are already parties to the arbitration;

2. such other person or entity is substantially involved in a question of law or fact which is common to those who are already parties to the arbitration and which will arise in such proceedings; and

3. the written consent of the other person or entity sought to be included and of OWNER and ENGINEER has been obtained for such inclusion, which consent shall make specific reference to this paragraph; but such consent shall not constitute consent to arbitration of any dispute not specifically described in such consent or to arbitration with any party not specifically identified in such consent.

E. Notwithstanding paragraph H.6.09.D, if a claim, dispute or other matter in question between OWNER and ENGINEER involves the work or services of a Contractor, subcontractor, OWNER's consultant or ENGINEER's Consultants (each, a "Joinable Party"), either OWNER or ENGINEER may join such Joinable Party as a party to the arbitration between OWNER and ENGINEER hereunder, and ENGINEER or OWNER,

as appropriate, shall include in each contract with each such Joinable Party a specific provision whereby such Joinable Party consents to being joined in an arbitration between OWNER and ENGINEER involving the work or such Joinable Party. Nothing in this paragraph H.6.09.E nor in the provision of such contract consenting to joinder shall create any claim, right or cause of action in favor of the Joinable Party and against OWNER or ENGINEER that does not otherwise exist.

F. All demands for arbitration and all answering statements thereto which include any monetary claim must contain a statement that the total sum or value in controversy as alleged by the party making such request or answering statement is not more than $200,000 (exclusive of interest and costs). The arbitrators will not have jurisdiction, power or authority to consider, or make findings (except in denial of their own jurisdiction) concerning any claim, counterclaim, dispute or other matter in question where the amount in controversy of any such claim, counterclaim, dispute or matter is more than $200,000 (exclusive of interest and costs), or to render a monetary award in response thereto against any party which totals more than $200,000 (exclusive of interest and costs).

G. By written consent signed by all the parties to this Agreement and containing a specific reference hereto, the limitations and restrictions contained in paragraphs H.6.09.D and H.6.09.E may be waived in whole or in part as to any claim, counterclaim, dispute or other matter specifically described in such consent. No consent to arbitration in respect of a specifically described claim, counterclaim, dispute or other matter in question will constitute consent to arbitrate any other claim, counterclaim, dispute or other matter in question which is not specifically described in such consent or in which the sum or value in controversy exceeds $200,000 (exclusive of interest and costs) or which is with any party not specifically described therein.

H. The award rendered by the arbitrators will be final, judgment may be entered upon it in any court having jurisdiction thereof, and will not be subject to modification or appeal.

EXHIBIT B

Changes in Scope of Work

Frankfort Public Service District
Northern Mineral County Regional Sewer System

		PHASE 1							PHASE 2				
		05/20/03	01/09/06	11/10/08	03/04/09	08/07/09	03/01/10	11/10/10	09/20/10	07/25/11	TOTAL	PAID BY PHASE 1	PAID BY PHASE 2
			SOWC 1	SOWC 2	SOWC 3	SOWC 4	SOWC 5	SOWC 7	SOWC 6	SOWC 8			
1	Study & Report	$ 103,000.00									$ 103,000.00	$ 103,000.00	$ -
2	Basic Engineering												
a	Final Design Documents		$ 557,884.00										
b	Final Design Documents		$ 169,056.00			$ 104,338.00			$ 400,000.00	$ 569,000.00	$ 1,526,884.00	$ 557,884.00	$ 969,000.00
	Bidding & Negotiating		$ 59,169.00			$ (52,169.00)					$ 273,394.00	$ 273,394.00	
	Contract Award		$ 59,169.00			$ (52,169.00)					$ 7,000.00	$ 7,000.00	
c	Contracts Awarded										$ 7,000.00	$ 7,000.00	
d	Construction Phase						$ 304,000.00						
e	Construction Phase Complete										$ 304,000.00	$ 304,000.00	
3	Project Representative						$ 463,000.00				$ -		
4	Additional Services										$ 463,000.00	$ 463,000.00	
	Archeological			$ 57,809.26									
	Extra Work				$ 198,677.00						$ 57,809.26	$ 57,809.26	
	Stimulus					$ 50,900.00					$ 198,677.00	$ 198,677.00	
	I&I Study										$ 50,900.00	$ 50,900.00	
	Frankfort High School								$ 100,000.00	$ 100,000.00	$ 200,000.00	$ -	$ 200,000.00
								$ 18,000.00			$ 18,000.00	$ 18,000.00	
	TOTAL	$ 103,000.00	$ 845,278.00	$ 57,809.26	$ 198,677.00	$ 50,900.00	$ 767,000.00	$ 18,000.00	$ 500,000.00	$ 669,000.00	$ 3,209,664.26	$ 2,040,664.26	$ 1,169,000.00

NOTE: Scope of Work Change No. 6 funded by $500,000 additional Mineral County TIF.
NOTE: Scope of Work Change No. 8 to be Funded by Proposed Design Loan.

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 1
JANUARY 9, 2006

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

GENERAL

This Scope of Work Change is intended to supplement and further define the engineering requirements defined in the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP, Exhibit A, Paragraph A1.02 A and B and Paragraph A1.03A.1 through A.3 to which this document is attached and as modified in the scope of work. This Scope of Work is further referenced to the project described in Northern Mineral County Regional Sewer System Facilities Plan.

PHASE I

This Scope of Work covers two phases of the project. Phase I consists of the Treatment Plant and three (3) Interceptor sewer connectors. The Interceptor sewers include:

- Patterson Creek Interceptor – connection to the existing Fort Ashby Plant.
- Plum Run Interceptor – connection to the following existing treatment facilities, Moreland's Trailer Park, Knobley Estates Sanitary Corporation, Sherwood Acres, Hunt Club and Graceland Subdivision.
- Lakewood Interceptor – connection to the Lakewood Plant.

Contract plans and specifications will be prepared for Phase I. When funded, Phase I will be advertised for bid and processed thru contract award.

The scope of work for Phase I consists of the following efforts:

1. Procure mapping at 50 Scale, 2' contours for project from aerial photography. Provide survey control necessary for mapping.

    a. Incorporate property owner and tax map information on plans. County is to furnish digital tax map information.

2. Finalize treatment plant design criteria and associated details to meet Division of Environmental Protection requirements for BNR type plant with Fort Ashby plant operating as reserve holding basin.

    a. Finalize plant size in consultation with West Virginia Division of Environmental Protection.

3. Design new plant for BNR – 1.15 mgd± [TN = 5, TP = 0.5]

   a. Reviews at 30%, 75%, 95%, and 100% Complete.

4. Conduct geotechnical evaluation of plant and pump station sites.

5. Perform property surveys and prepare plats of plant and pump station sites for acquisition.

6. Design interceptor system in general accordance with facility plan.

   a. Reviews at 30%, 75%, 95%, and 100% complete.

   b. Interceptor system designs are to be completed in the following order:

Patterson Creek	(Task 2)
Plum Run	(Task 3)
Lakewood	(Task 4)

7. Prepare contract plans and specifications (anticipate 2 or 3 Contracts).

8. Prepare permit applications.

9. Prepare right-of-way information for procurement of necessary easements.

10. Assist in advertisement for bids and award of Contracts.

PROPOSED FUNDING PHASE I

The funding for Phase I is anticipated to be as follows:

EPA / STAG	$ 464,903	
Frankfort Design Loan *	$ 97,000	
RK&K Advance	$ 283,375	
Total Phase I		$ 845,278 (Tasks 1 through 4)

* The Frankfort Design Loan will be $200,000 of which $70,000 will be paid to RK&K for the balance due on the planning phase and $33,000 will be paid to the County for repayment of loaned funds.

PHASE II

The scope of work for Phase II consists of the following efforts:

1. Collection system design in general accordance with Facility Plan

   a. Reviews at 30%, 75%, 95%, and 100% complete.

b. Collection system designs are to be completed in the following sewershed order:

Patterson Creek Connector	(Task 5)
Patterson Creek	(Task 6)
Plum Run	(Task 7)
Scenic Lane	(Task 8)

PROPOSED FUNDING PHASE II

The funding for Phase II is anticipated to be as follows

EPA / STAG	$ 258,297	
RK&K Advance	$ 211,333	
Total Phase II		$ 469,630 (Tasks 5 through 8)

The RK&K Advance Funding will be used after other available funding is exhausted. RK&K will defer repayment of the $494,708 advance until such time that Frankfort Public Service District receives funding for construction of any portion of this project.

SCOPE OF WORK – DESIGN – FUTURE PHASES (Not funded at this time)

At this time the following work is anticipated for the balance of the project. This is subject to negotiation as funding becomes available.

1. Conduct I&I Study (Task 13) for Fort Ashby collection system to include visual inspection of manholes, flow monitoring, smoke testing, dye testing, and TV inspection.

   a. Prepare report on findings and recommendations.

2. Prepare rehabilitation plans for the Fort Ashby system based on results of I&I Study (Task 14).

3. Design remainder of collection system in general conformance with facility plan.

   a. Reviews at 30%, 75%, 95%, and 100% complete.

   b. Collection system designs are to be completed in the following sewer shed order:

Turner Run	(Task 9)
Knobley Road	(Task 10)
Rt. 28 South	(Task 11)
Baker Hollow	(Task 12)

4. Prepare contract documents including right-of-way indexes for the various projects funded in accordance with funding agency requirements. It is anticipated that the following construction contracts will be prepared.

   a. Fort Ashby Modifications for stormwater and sludge holding

   b. Collection Systems

Patterson Creek Connector	(Task 5)
Patterson Creek	(Task 6)
Plum Run	(Task 7)
Scenic Lane	(Task 8)
Turner Run	(Task 9)
Knobley Road	(Task 10)
Rt. 28 South	(Task 11)
Baker Hollow	(Task 12)

   c. Pump Stations

   Pump station contracts will be grouped dependent on bidding schedule of collection system. Force mains will be included in collection system contracts.

   Conduct geotechnical investigations of pump stations.

   Prepare property surveys and plats of pump station sites for acquisition.

   e. Fort Ashby Collection System Rehabilitation Plans (Task 14)

5. Attend pre-bid conferences.

6. Review of bids and recommend award of contract.

7. Construction Engineering and Management.

   a. Provide construction engineering services for each contract.

   b. Construction Inspection

   c. As-Built Plans

   d. O&M Manuals

   e. Final Inspection

   f. 1-Year Certification

   g. Start up and training for plant

This Scope of Work Change No. 1 dated January 9, 2006, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

Robert J. Halbert, P.E.
Partner

Owner: FRANKFORT PUBLIC SERVICE DISTRICT

A. Blane Murray
Chairman

NORTHERN MINERAL COUNTY
REGIONAL SEWAGE SYSTEM

DISTRIBUTION OF BASIC SERVICES
Engineering Costs

SCOPE OF WORK CHANGE NO. 1
March 14, 2005
Revised May 5, 2005

Wastewater Treatment Plant	$8,839,209	$8,839,209	$618,745	$618,745	$408,371	$408,371	$123,749	$123,749	$43,312	$43,312	$43,312	$43,312
Patterson Creek Interceptor	$956,022	$9,795,231	$66,922	$685,666	$44,168	$452,540	$13,384	$137,133	$4,685	$47,997	$4,685	$47,997
Plum Run Interceptor	$1,294,617	$11,089,848	$90,623	$776,289	$59,811	$512,351	$18,125	$155,258	$6,344	$54,340	$6,344	$54,340
Lakewood Interceptor	$985,557	$12,075,405	$68,989	$845,278	$45,533	$557,884	$13,798	$169,056	$4,829	$59,169	$4,829	$59,169
Patterson Creek Connector	$630,376	$12,705,781	$44,126	$889,405	$29,123	$587,007	$8,825	$177,881	$3,089	$62,258	$3,089	$62,258
Patterson Creek	$1,380,266	$14,086,046	$96,619	$986,023	$63,768	$650,775	$19,324	$197,205	$6,763	$69,022	$6,763	$69,022
Plum Run	$4,098,394	$18,184,440	$286,888	$1,272,911	$189,346	$840,121	$57,378	$254,582	$20,082	$89,104	$20,082	$89,104
Scenic Lane	$3,596,859	$21,781,299	$251,780	$1,524,691	$166,176	$1,006,296	$50,356	$304,938	$17,625	$106,728	$17,625	$106,728
Turner Run	$3,735,503	$25,516,802	$261,485	$1,786,176	$172,580	$1,178,876	$52,297	$357,235	$18,304	$125,032	$18,304	$125,032
Knobley Road	$2,663,158	$28,179,961	$186,421	$1,972,597	$123,038	$1,301,914	$37,284	$394,519	$13,049	$138,082	$13,049	$138,082
Rt 28 South	$845,653	$29,025,613	$59,196	$2,031,793	$39,069	$1,340,983	$11,839	$406,359	$4,144	$142,226	$4,144	$142,226
Baker Hollow	$686,230	$29,711,843	$48,036	$2,079,829	$31,704	$1,372,687	$9,607	$415,966	$3,363	$145,588	$3,363	$145,588
Fort Ashby I&I Study	$250,000	$29,961,843	$250,000	$2,329,829		$1,372,687		$415,966		$145,588		$145,588
Fort Ashby I&I Correction	$1,239,766	$31,201,609	$86,784	$2,416,613	$57,277	$1,429,964	$17,357	$433,323	$6,075	$151,663	$6,075	$151,663
TOTAL COST	$31,201,609		$2,416,613		$1,429,964		$433,323		$151,663		$151,663	

Phase I - Scope of Project with current available design funds
Phase II - Scope of Project with current available design funds

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 2
NOVEMBER 10, 2008

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is for providing archeological services to Frankfort Public Service District Northern Mineral County Regional Sewer System Project per Contract with Horizon Research Consultants Inc. as follows:

- Provide archeological services for Frankfort Public Service District Northern Mineral County Regional Sewer System Project on "Contract Costs" basis plus 5% fee.

Cost of Service per Contract with Horizon Research Consultants, Inc. dated June 9, 2008	$55,056.44
5% Fee	$ 2,752.82
Total Cost of Scope of Work Change No. 2	**$57,809.26**

This Scope of Work Change No. 2 dated November 10, 2008, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

David G. Vanscoy, P.E.
Associate

11/17/08
Date

Owner: Frankfort Public Service District

A. Blane Murray,
Chairman

11/19/08
Date

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 3
March 4, 2009

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is to distribute costs allocated in original agreement to reflect the actual amount of work in each component, and for extra work provided above and beyond original scope of work for Frankfort Public Service District Northern Mineral County Regional Sewer System Project **as summarized on the attached sheets as part of Scope of Work Change No. 3.**

Scope of Work Change No. 3 Additional Costs Summary

	Task	**Cost**
1.	Distribution of Costs	$ .00
2.	Time Delay	$ 50,885.00
3.	Waste Water Treatment Plant Relocation	$ 50,900.00
4.	Wetlands – Frankfort	$ 33,477.00
5.	Cultural Resource Evaluation	$ 21,859.00
6.	Public Meeting	$ 6,556.00
7.	Patterson Creek Community	$ 35,000.00
Total Cost of Scope of Work Change No. 3		**$ 198,677.00**

Agreement Summary

1.	Original Agreement – May 20, 2003 Revised February 5, 2004, Revised January 9, 2006	$ 103,000.00
2.	Scope of Work Change No. 1 January 9, 2006	$ 845,278.00
3.	Scope of Work Change No. 2 November 10, 2008	$ 57,809.26
4.	Scope of Work Change No. 3 March 4, 2003	$ 198,677.00
Total Agreement		**$ 1,204,764.26**

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 3
March 4, 2009

Summary

1. Distribution of Costs

During development of the engineering costs for Phase I of the project including the Wastewater Treatment Plant, Patterson Creek Interceptor, Plum Run Interceptor, and Lakewood Interceptor, basic engineering was assumed to be 7% of construction cost developed in 2005 for the Facility Plan. Construction and engineering costs developed for Phase I were:

Construction Cost (2006)	$12,075,406
Basic Engineering Cost (7%)	$ 845,278

RK&K further divided the Basic Engineering Costs as follows:

Design	66%	$ 557,884
Final Design	20%	$ 169,056
Bidding & Negotiating	7%	$ 59,169
Contract Award	7%	$ 59,169
Total		$ 845,278

This distribution of costs shifts a significant portion of the costs to the last two items. RK&K requests that the following adjustment in cost distribution be made to more accurately reflect the actual amount of work in each design component:

Design	66%	$ 557,884
Final Design & Bidding Documents	32%	$ 273,394
Bidding & Negotiating	1%	$ 7,000
Contract Award	1%	$ 7,000
Total		$ 845,278

This adjustment does not change the total cost, only redistributes costs to more accurately reflect the actual work involved in each segment.

2. Costs Due to Time Delay

Scope of Work Change No. 1 dated January 9, 2006 authorized design of Phase I. At that time, the schedule for starting construction was October 2007. The design was scheduled to be completed by March 2007, when the PSC Application was to be submitted. The fee schedule was based on RK&K's 2006 rates. Due to delays beyond RK&K's control, the project has been extended into 2009, with construction start this summer. This has increased RK&K's costs. In order to determine an equitable adjustment to the contract price, RK&K has applied our average yearly payroll increase to obtain an accumulative factor for each year. This accumulative factor was then applied to each year's actual payroll cost to develop the proposed contract cost increase. The average payroll costs increased per year as follows:

Year	Yearly Payroll Increase	Payroll	Accumulative Factor
2006	0%	$ 500.00	
2007	4.91%	$ 524.55	4.91%
2008	4.87%	$ 550.10	10.02%
2009	2%	$ 561.10	12.22%

The actual payroll expenditures for each year are as follows:

Year	Payroll	Accumulative Factor	Increase
2006	$ 232,847		
2007	$ 676,175	4.91	$ 33,200
2008	$ 343,472	10.02	$ 34,416
2009	(Est) $ 125,000	12.22	$ 15,275
Total	$ 1,377,494		$ 82,891
			Increased Cost $82,891/$1,377,494 = 6.02%
			Apply this increase cost factor to engineering contract
			$845,278 x 6.02% = $50,885

The increased cost for payroll due to time delays is estimated to be $50,885.00.

3. Waste Water Treatment Plant Relocation

As outlined in the final version of the Facility Plan, a regional treatment plant was to be located near the vicinity of the Community of Patterson Creek. In an effort to locate a plant site, inquiries with Mrs. Harman on her property near the old railroad underpass at the intersection of Patterson Creek Road and Furnace Acres Road were made. At the time of the initial inquiries, RK&K was still in the Facility Plan stage of the project. However, prior to the approval of the Facility Plan and the actual design of the project, Mrs. Harman died and the property changed hands several times ultimately ending up being owned by Owens. The plant type was changed to meet Chesapeake Bay requirements. A mechanical SBR treatment plant was chosen as the preferred treatment system. The owners were agreeable to sell the property to the PSD for the development of a regional treatment plant.

The location of the Owen's property allowed for gravity flows to reach the site therefore minimizing the number of pump stations required to convey sewage to the new regional facility. With a site selected and the property owner agreeable to sell, design began by developing the site layout including various treatment components (i.e. headwork's building, SBR's, digesters, filter unit, etc.). In addition to the treatment plant layout, design began on the various interceptors (Patterson Creek, Plum Run & Lakewood) conveying sewage to the new treatment plant. With the interceptor sewer alignments, it became evident that a wetland specialist would be required to evaluate the alignment due to the multiple stream crossings and various areas that appeared to be wetlands. At that time, the plant site for the new treatment facility did not appear to be a problem due to the years of farming on the property.

Based on the results of the wetland evaluation, several areas along the Patterson Creek and Plum Run Interceptor alignments were changed in an effort to avoid wetland impacts. The evaluation also determined that a rather large (0.75 acre) isolated wetland existed on the Owen's property that would be destroyed by the plant. Knowing that the ACOE requires mitigation of all wetland impacts that exceed 0.5 acres and with the amount of stream crossings and other impacts along the various sewer alignments, the decision was made to relocate the site of the new treatment plant in an effort to simplify the permitting process and eliminate mitigation costs.

The Sears property adjoining the Owen's property was determined to be a viable alternative. At the time Mr. and Mrs. Sears were agreeable to sell the property to the PSD for them to build the treatment plant.

The relocation of the treatment plant site from the Owen's property to the Sear's property resulted in design changes to the sewer alignments and a significant redesign of the site design and treatment plant layout. The following table provides an estimate of the additional man hours involved for the relocation.

Employee	Hours	Pay Rate (2006)	Total
Project Manager	60	135.00	8,100.00
Project Engineer	190	80.00	15,200.00
Engineer	250	55.00	13,750.00
Cadd	250	45.00	11,250.00
Survey Crew	80	32.50	2,600.00
		Total	$ 50,900.00

The Increased cost is $50,900.00

4. **Wetlands – Frankfort**

As part of the permitting process, it was necessary to evaluate the sewer route alignments and plant site for wetlands. The sewer manholes were staked to show the proposed alignment. The environmental scientist then reviewed the entire alignment to identify and flag all wetlands. These were then located and placed on the drawings. The lines through identified wetland areas were each evaluated and lines relocated where possible to miss or minimize implants to the wetlands. This was done prior to submittal of the 404 Permit to ACOE. Extra work included the following:

a. Review plant site and line work for existence and identification of potential wetlands. Field locate wetlands by survey crew. Add location of wetlands to construction plans.

b. Design relocations and revise plans to minimize wetland impacts – primarily along Patterson Creek Road. Re-stake proposed manhole locations at new location.

c. Develop ACOE Permit Application for wetland impacts and stream crossings. Obtain additional resource agency responses required by ACOE Permit. Prepare PLC Permit.

d. Review site with ACOE. Address issues raised and modify permit as necessary. Coordinate with ACOE to obtain permit. Permit issued _____.

Employee	Hours	Pay Rate (2007)	Total
Project Manager	20	142.00	2,840.00
Project Engineer	43	84.00	3,612.00
Engineer	110	58.00	6,380.00
Env. Scientist	180	80.00	14,400.00
Technician	7	55.00	385.00
Cadd	80	47.00	3,760.00
Survey Technician	60	35.00	2,100.00
		Total	33,477.00

The estimated increased cost for wetlands is $33,477.00

5. Cultural Resource Evaluation

The funding agencies required the review of the plant site and line routes for presence of potential archeological sites. To accomplish this review and obtain approval from State Historic Preservation Office (SHPO), RK&K had significant extra work in addition to the work performed by the archeologist. Note: Archeological work was included in Scope of Work Change No. 2.

a. Prepare RFQ package to solicit prices from archeologist.

   Pre-proposal site review. Receive and evaluate proposals and qualification. Recommend archeologist to client for approval.

b. On site meeting with owner, archeologist, and SHPO representative to review scope of project.

c. After approval to begin study, meet on site with archeologist. Verify manholes are still staked. Prepare working maps for archeologist. Progress reviews with archeologist. Redesign of line segment to miss potential historic site.

d. Review of Completed report and approval to submit to SHPO. Coordination with SHPO and archeologist to obtain approval of report.

Employee	Hours	Pay Rate (2008)	Total
Project Manager	20	149.00	2,980.00
Project Engineer	75	88.00	6,600.00
Engineer	33	61.00	2,013.00
Archeologist	22	80.00	1,760.00
Cadd	101	50.00	5,050.00
Survey Technician	48	72.00	3,456.00
		Total	21,859.00

Total increase for Cultural Resource Evaluation is $21,859.00

6. Public Meeting

At the request of Frankfort Public Service District and Mineral County Commission, a public meeting was scheduled on February 5, 2009 to present proposed project and discuss any issues with public.

a. Preparation new display maps showing final location of lines and treatment plant for Phase I of the project.

b. Preparation of handout describing project.

c. Public Meeting

Employee	Hours	Pay Rate (2009)	Total
Project Manager	8	152.00	1,216.00
Project Engineer	16	90.00	1,440.00
Engineer	30	62.00	1,860.00
Cadd	40	51.00	2,040.00
		Total	6,556.00

Total increase for Public Meeting is $6,556.00

7. Patterson Creek Community

The Facility Plan defined the interceptor line from Lakewood to the Treatment Plant as following the railroad from Lakewood to the Community of Patterson Creek, then running through Community to the Treatment Plant. The Community of Patterson Creek was being provided service by virtue of the line running through the community. After detailed mapping was obtained, it was determined that it would be more economical to run from Lakewood across several private properties, on an old existing road to Furnace Acre Road, then to the Treatment Plant. This line was moved again at the request of Welker's to miss a spring (concern that it would be affected) to another road entirely on Welker. The mapping did not cover this road in its entirety and RK&K had to field survey the road for topo and alignment.

As a result of these alignment changes, the community was no longer providing service. RK&K designed a separate gravity collection system to serve all but 5 residents of community. This line connected to Lakewood interceptor line upstream of the treatment plant.

The construction cost of this connector is estimated to cost $500,000 based on current unit prices. Based on a 7% engineering cost used previously, the additional engineering cost for $35,000.00.

Total increase for Patterson Creek Community is $35,000.00.

This Scope of Work Change No. 3 dated March 4, 2009, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

David G. Vanscoy, P.E.
Associate

Date 4/13/09

Owner: Frankfort Public Service District

A. Blane Murray
Chairman

Date April 13, 09

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 4
August 7, 2009

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to the original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is for providing American Recovery and Reinvestment Act of 2009 (ARRA 09) services addressing the Buy American Provisions as identified in Section 1605 of that Act and required by the West Virginia Department of Environmental Protection for the projects seeking "stimulus money" from the CWRSF program. A summary of the work provided and estimate to complete are as follows:

Scope of Work Change No. 4 Costs Summary

- Labor $ 40,287.00
- Reproduction & Shipping $ 2,113.00
- Estimate to Complete $ 8,500.00

Total Cost of Scope of Work Change No. 4 $ 50,900.00

Agreement Summary

1. Original Agreement – May 20, 2003 Revised February 5, 2004, Revised January 9, 2006	$ 103,000.00
2. Scope of Work Change No. 1 January 9, 2006	$ 845,278.00
3. Scope of Work Change No. 2 November 10, 2008	$ 57,809.26
4. Scope of Work Change No. 3 March 4, 2003	$ 198,677.00
5. Scope of Work Change No. 4 August 7, 2009	$ 50,900.00
Total Agreement	**$ 1,255,664.26**

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 4
August 7, 2009

Summary

To obtain the "stimulus money" through the CWSRF program required completion of the SRF Financial Capability Worksheet, an addendum to the facility plan addressing 40yr Bond requirements and obtaining "Buy American" checklist from each manufacturer specified in the construction plans and specifications.

The worksheet and addendum were submitted to the DEP on June 3rd and June 8th, respectively. In addition, RK&K submitted what we considered final (or near final) set of construction plans and project manual for Contracts 2,3, & 4 (Line work) on June 3rd and Contract 1 (WWTP) on June 19th, followed by Contract 1 project manual on June 24th. Final comments were received on July 6th via conference call with the DEP and were minor in nature with the exception of the required checklist.

As a little history of the Buy American Provisions as outline in section 1605 of the American Recovery and Reinvestment Act of 2009 (ARRA 09) and how it relates to this project. The DEP initially informed the first of April that the "big ticket" equipment manufacturers (i.e. mechanical screens, grit units, Aqua-Aerobics, etc.) listed in the plans and specifications would have to provide letters stating that they comply with ARRA 09 requirements or provide a list of components that did not meet the requirements so that the project can seek a waiver. Those initial letters were sent out on April 8th. In mid-June, following the April 28th memo published by the EPA, the DEP modified their requirements stating that all the "big ticket" manufacturers would have to provide a Buy American Checklist in order for the project to be approved for bidding. Those letters were sent out June 23rd. About a week later, the DEP informed that all listed manufacturers (down to the door knobs, light switches, etc.) that were named in the plans and specs would have to provide the same completed checklists.

The final plans and specifications were submitted to the DEP on July 28th listing only the "big ticket" manufacturers and the necessary checklists were submitted the next day. Approximately 50% of the checklist sent to all of the named manufactures have been completed and returned with only a handful of those identifying they do not comply with the Buy American Provisions. About 30% of the 50% outstanding indicate that in order for them to complete the checklist more information is required (i.e. part numbers) that is not typically specified by the Engineer but more by the installing Contractor.

Below is a summary of engineering hours associated with compliance of the ARRA Buy American requirements for this project to date:

Employee	Hours	Pay Rate	Total
Project Manager	26	152	$ 3,952
Project Engineer	170	90	$ 15,300
Designer	232.5	62	$ 14,415
CADD	165.5	40	$ 6,620
		Subtotal	**$ 40,287**

RK&K anticipates an additional $8,500.00 will be expended addressing the Buy American requirements which includes adding the named manufacturers that have been removed from the construction plans and specifications back to those documents.

This Scope of Work Change No. 4 dated August 7, 2009, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

David G. Vanscoy, P.E.
Associate

8/10/9
Date

Owner: Frankfort Public Service District

A. Blane Murray
Chairman

August 10, 09
Date

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 5
March 1, 2010

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to the original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is for providing Construction Engineering and Project Representative Services for Frankfort Public Service District Northern Mineral County Regional Sewer System Project, Contract 1 (Sewage Treatment Plant) and Contracts 2, 3, & 4 (Sewage Line Installation). A summary of the work to be provided and cost to complete are as follows:

Construction Engineering - Phase I

Project Engineer shall be on site during construction of Contracts 1, 2, 3, and 4 as needed. It is assumed that Contract 1, 2, 3, and 4 will commence at same time.

Work shall include supervision and direction of inspectors, addressing construction issues, issuing directives to contractor, negotiating and preparing change orders, reviewing inspectors daily reports, reviewing payment applications, conducting monthly progress meetings, preparing monthly progress meeting minutes, reviewing submittals, site visits, reviewing as-built drawings and O&M manuals, verifying required testing procedures, start-up services for plant, special inspection on plant by electrical and mechanical construction managers, conducting final inspections, preparing required close-out documents and all other miscellaneous work to achieve a complete functional project.

Construction Engineering Cost

Cost for Phase I Construction Engineering Services will be provided at a Lump Sum cost of $304,000.00 based on providing a "not to exceed" total of 3,000 hours of Construction Engineering by Project Manager/Project Engineer or staff.

RK&K has determined the Lump Sum cost for Construction Engineering assuming that Contract 1, 2, 3, and 4 will commence at same time, contract time to final completion of Contract 1 will be 14 months; and contract time to final completion of Contracts 2, 3, & 4 will be 10 months.

Task	Estimated Time	Total
Construction Engineering including startup, submittal review, closeout, and punch list.	3,000 Hours @ $100.00	$ 300,000.00
Miscellaneous Expenses (Mileage, Etc.)		$ 4,000.00
	Total	$ 304,000.00

Resident Project Representative Services - Phase I

The resident project representative shall act as representative for Frankfort Public Service District to assume that work is performed in accordance with contract plans and specifications and Section 6.02 of original Engineering Agreement revised January 9, 2006. The resident project representative shall keep an accurate record of construction activity each day, and take measurements as necessary to document quantity of bid items installed each day. This information shall be recorded on an inspector's daily report. In addition, the resident project representative shall assist in dealing with the general public and landowners on matters relating to construction. The resident project representative shall periodically review as-built drawings for corrections, verify that approved materials are being used, assist in verifying quantity of stored materials, document required testing results, convey any concerns to Construction Engineer and perform functions as necessary to represent the Owner as directed by the Project Manager. For a more detailed description of Resident Project Representative Services refer to Exhibit D of Engineering Contract.

Resident Project Representative Services Cost

Resident Project Representative Services will be provided at cost of $421,388 plus fixed fee of $41,612 for a total estimated cost of $463,000.00 as shown on the attached fee derivation. This estimated cost shall not be exceeded without written approval of Owner.

Total Cost of Scope of Work Change No. 5	**$ 767,000.00**

Agreement Summary

1. Original Agreement – May 20, 2003 Revised February 5, 2004, Revised January 9, 2006	$ 103,000.00
2. Scope of Work Change No. 1 January 9, 2006	$ 845,278.00
3. Scope of Work Change No. 2 November 10, 2008	$ 57,809.26
4. Scope of Work Change No. 3 March 4, 2003	$ 198,677.00
5. Scope of Work Change No. 4 August 7, 2009	$ 50,900.00
6. Scope of Work Change No. 5 August 7, 2009	$ 767,000.00
Total Agreement	**$ 2,022,664.26**

This Scope of Work Change No. 5 dated March 1, 2010, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

David G. Vanscoy, P.E.
Associate

3/8/10
Date

Owner: Frankfort Public Service District

A. Blane Murray,
Chairman

3/8/10
Date

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP
FEE DERIVATION
PROJECT REPRESENTATIVE SERVICES
SCOPE OF WORK CHANGE NO. 5

		HOURS			
		CADD	CONSTRUCTION	MISC	
	EMPLOYEE TYPE	TECH	INSPECTOR	EXP	TOTAL
TASK NO	TASK				
	CONTRACT 1				
	CONTRUCTION INSPECTION		3000		3000
	START UP		300		300
	AS-BUILTS	320	160		480
	MISCELLANEOUS EXPENSES (MILEAGE @ $0.50)			$ 2,100.00	
	CONTRACTS 2, 3, 4				
	CONTRUCTION INSPECTION		4800		4800
	AS-BUILTS	240	120		360
	MISCELLANEOUS EXPENSES (MILEAGE @ $0.50)			$ 3,172.66	
		560	8380		8940
	Rate Per Hour	$ 18.00	$ 19.50		
	Subtotal Direct Cost	$ 10,080.00	$ 163,410.00		$ 173,490.00
	Overhead Factor (1.3985)	$ 14,096.88	$ 228,528.89		$ 242,625.77
	Subtotal	$ 24,176.88	$ 391,938.89		$ 416,115.77
	Profit (10%)	$ 2,417.69	$ 39,193.89		$ 41,611.58
	Subtotal	$ 26,594.57	$ 431,132.77	$ 5,272.66	$ 463,000.00
	Total				$ 463,000.00

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 6
September 20, 2010

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to the original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is for providing Inflow and Infiltration (I&I) Study of Fort Ashby sewage collection system and preliminary design for Frankfort Public Service District Northern Mineral County Regional Sewer System Project Phase II. A summary of the work to be provided and estimate of cost are as follows:

Summary

Phase II application for the Frankfort Public Service District Northern Mineral County Regional Sewer System Project has been accepted by the West Virginia Infrastructure & Jobs Development Council (IJDC) with approval to seek funding. The Mineral County Commission has been authorized to provide $500,000.00 of TIF funding toward I&I study and preliminary design of Phase II. This scope of work defines work to be completed toward preparation of Phase II construction plans. Work defined will be in accordance with Facility Plan dated March 18, 2009.

I. I&I Field Investigation of Fort Ashby sewage collection system including:

   a. Field Investigation

      i. Update existing as-built maps by preparing revised mapping locating manholes, cleanouts, water meters, valves, fire hydrants, and other features necessary for the evaluation and design of system;

      ii. Conduct manhole inspections to identify line size, type and orientation and presence of I&I or other problems;

      iii. Conduct video inspection of the sewer system utilizing video camera to be procured by Frankfort Public Service District (FPSD);

      iv. Update mapping with line sizes, type, laterals, etc.;

      v. Conduct flow monitoring utilizing FPSD procured equipment;

      vi. Conduit smoke and dye testing, utilizing FPSD procured equipment.

RK&K requires the use of at least one, and possibly more, FPSD personnel knowledgeable in the Fort Ashby system to assist in all aspects of the field investigation.

RK&K proposes to work on field investigation on a time and material basis "not to exceed" $100,000 unless authorized by FPSD. A fee derivation showing RK&K's estimate of man hours and costs to perform various segments of the work is attached. This cost is based on FPSD furnishing at least one man knowledgeable of the system, a video camera, and flow meters.

b. The above information will be collected and assembled such that a report can be prepared in the future along with recommendations for remediation of the I&I problems in the Fort Ashby collection system.

II. Phase II Preliminary Design

a. Procure mapping from aerial photography obtained during Phase I effort. Mapping will include:

i. Fort Ashby Area;

ii. WV Rt. 28 from South of Fort Ashby to North of Furnace Acre Road;

iii. Knobley Road Area.

b. Preliminary Design

i. RK&K proposes to prepare preliminary design for the Phase II areas listed in the Facility Plan dated March 18, 2009, including:

1. Turner Run – Fort Ashby to Short Gap;

2. Knobley Road;

3. WV Rt. 28 from Turner Run to and including Mountainaire Village.

ii. General scope of work includes:

1. Complete control survey for mapping and future stakeout;

2. Procure Mapping;

3. Process mapping by adding tax map information, flood plains, rights-of-way, street and road names, etc.;

4. Prepare preliminary design for each sewer shed;

5. Stake out sewer lines and manholes based on preliminary design;

a. Obtain property owners' approval to stake out;

b. Include any changed conditions and other information (septic tanks, drain fields, etc.) from mapping photography;

c. Discuss proposed alignment with property owners;

6. Conduct up to two (2) public meetings to discuss project;

7. Revise alignments based on findings and property owners' comments;

8. At this time, only the location of the proposed required pump stations will be identified. No design of pump stations and force mains will be started;

9. The preliminary design will be complete and ready for final design, contract plan preparation, rights-of-way, permitting, etc.

RK&K will work toward completing the preliminary design effort described above on a time and material basis not to exceed $400,000 (unless authorized by FPSD) in accordance with engineering contract dated January 9, 2006. A fee derivation for this effort is attached.

It is recognized that this effort is part of total engineering effort (cost) defined in the Facility Plan dated March 18, 2009. The project costs for each sewershed contained in the Facility Plan are attached for information.

RK&K will be paid for this effort on a monthly basis based on work completed.

Total Cost of Scope of Work Change No. 6 **$ 500,000.00**

Agreement Summary

1.	Original Agreement – May 20, 2003 Revised February 5, 2004, Revised January 9, 2006	$ 103,000.00
2.	Scope of Work Change No. 1 January 9, 2006	$ 845,278.00
3.	Scope of Work Change No. 2 November 10, 2008	$ 57,809.26
4.	Scope of Work Change No. 3 March 4, 2003	$ 198,677.00
5.	Scope of Work Change No. 4 August 7, 2009	$ 50,900.00
6.	Scope of Work Change No. 5 August 7, 2009	$ 767,000.00
7.	Scope of Work Change No. 6 September 20, 2010	$ 500,000.00
	Total Agreement	**$ 2,522,664.26**

This Scope of Work Change No. 6 dated September 20, 2010, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

David G. Vanscoy, P.E. Date 10/13/10
Associate

Owner: Frankfort Public Service District

A. Blane Murray Oct. 11, 2010
A. Blane Murray, Date
Chairman

RUMMEL, KLEPPER KAHL, LLP
FEE DERIVATION
NORTHERN MINERAL COUNTY REGIONAL SEWER SYSTEM
PHASE II - FORT ASHBY FIELD INVESTIGATION
SEPTEMBER 20, 2010

NORTHERN MINERAL COUNTY REGIONAL SEWER SYSTEM PHASE II - FORT ASHBY FIELD INVESTIGATION							
General Tasks							
Locate Features (6 wks)					480	$ 1,000.00	480
Prepare Maps	2		10	120			132
Manhole Inspection			10	40	300		350
Video Taping (6 wks, 2 personnel)			10	40	480	$ 1,000.00	530
Smoke & Dye Testing (3 wks, 2 personnel)			10	40	240	$ 2,000.00	290
Flow Testing (12 hr./wk, 16 wks)			20	40	140		200
Data Analysis/Summary	12		80				92
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
						Say	[illegible]

RUMMEL, KLEPPER KAHL, LLP
FEE DERIVATION
NORTHERN MINERAL COUNTY REGIONAL SEWER SYSTEM
PHASE II - PRELIMINARY PLANS
SEPTEMBER 20, 2010

[illegible]							
[illegible]							
Control Survey and Mapping							
Control Survey	4			80	240		324
Mapping						$ 50,000.00	
Compile Mapping - 150 Sheets		50	32	1950			2032
Design							
Preliminary Design							
162,000' Gravity Plan & Profile (135 Sheets)	30	180	180	780			1170
Manhole Stakeout			100	100	960	$ 2,000.00	1160
Revised Design Layout Based on Stakeout	20	140	220	980			1360
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							[illegible]

NMCRSS - PHASE 2
TURNER RUN SEWERSHED
Estimated Construction Cost
March 13, 2009

CONSTRUCTION COST				
Item	Units	Est Quantity	Unit Price	Total Est Price
6" SDR 35 PVC Gravity Sewer	LF	23,300	$50	$1,165,000
8" SDR 35 PVC Gravity Sewer	LF	18,700	$52	$972,400
10" SDR 35 PVC Gravity Sewer	LF	16,200	$55	$891,000
12" SDR 35 PVC Gravity Sewer	LF	0	$60	$0
15" SDR 35 PVC Gravity Sewer	LF	0	$65	$0
6" SDR 35 PVC Service Lateral	LF	5,500	$45	$247,500
Residential Grinder Pump Unit (Simplex)	EA	0	$5,850	$0
Residential Grinder Pump Unit (Duplex)	EA	0	$8,450	$0
Manholes	EA	125	$2,000	$250,000
Main Line Sewer Cleanouts	EA	91	$1,300	$118,300
Residential Cleanout	EA	274	$600	$164,400
2" Force Main SDR 21 PVC	LF	250	$25	$6,250
3" Force Main SDR 21 PVC	LF	0	$27	$0
4" Force Main SDR 21 PVC	LF	0	$29	$0
6" Force Main SDR 21 PVC	LF	3,600	$35	$126,000
8" Force Main SDR 21 PVC	LF	0	$45	$0
Steel Casing Bore & Jack	LF	1,300	$200	$260,000
Stream Crossing	EA	9	$6,500	$58,500
Pump Station	EA	0	$90,000	$0
10% Construction Contingency	%	0.1	$4,259,350	$426,000
Total Construction Cost				$4,685,000
OTHER COSTS				
Engineering	9.0%			$422,000
Inspection	7.0%			$329,000
Administration	2.0%			$94,000
Legal	0.5%			$23,000
Right-of-way	LS			$30,000
Land Acquisition	LS			$0
Other costs	1.0%			$47,000
Project Contingency	3.0%			$141,000
Total Other Costs				$1,057,000
TOTAL PROJECT COST				$5,742,000
2009 Equivalent Units	301		Cost/EDU	$19,176

301 EDU's per initial facility plan (revenue generated)

Receives drainage from Knobley Road Sewer Shed
Fire hall recirculating sand filter system will be eliminated
QTY's based on initial Facility Plan, prices updated to reflect 2009 estimates

NMCRSS - PHASE 2
PLUM RUN SEWERSHED
Estimated Construction Cost
March 13, 2009

CONSTRUCTION COSTS				
Item	Units	Est. Quantity	Unit Price	Total Est. Price
6" SDR 35 PVC Gravity Sewer	LF	36,700	$50	$1,835,000
8" SDR 35 PVC Gravity Sewer	LF	29,500	$52	$1,534,000
10" SDR 35 PVC Gravity Sewer	LF	0	$55	$0
12" SDR 35 PVC Gravity Sewer	LF	0	$60	$0
15" SDR 35 PVC Gravity Sewer	LF	0	$65	$0
6" SDR 35 PVC Service Lateral	LF	35,100	$45	$1,579,500
Residential Grinder Pump Unit (Simplex)	EA	0	$5,850	$0
Residential Grinder Pump Unit (Duplex)	EA	0	$8,450	$0
Manholes	EA	182	$2,000	$364,000
Main Line Sewer Cleanouts	EA	66	$1,300	$85,800
Residential Cleanout	EA	620	$600	$372,000
2" Force Main SDR 21 PVC	LF	0	$25	$0
3" Force Main SDR 21 PVC	LF	1,600	$27	$43,200
4" Force Main SDR 21 PVC	LF	5,100	$29	$147,900
6" Force Main SDR 21 PVC	LF	0	$35	$0
8" Force Main SDR 21 PVC	LF	0	$45	$0
Steel Casing Bore & Jack	LF	960	$200	$192,000
Stream Crossing	EA	3	$6,500	$19,500
Pump Station	EA	3	$90,000	$270,000
10% Construction Contingency	%	0.1	$6,442,900	$644,300
Total Construction Cost				$7,087,000
OTHER COSTS				
Engineering	9.0%		$638,000	
Inspection	7.0%		$497,000	
Administration	2.0%		$142,000	
Legal	0.5%		$35,000	
Right-of-way	LS		$10,000	
Land Acquisition	LS		$18,000	
Other costs	1.0%		$71,000	
Project Contingency	3.0%		$213,000	
Total Other Costs			$1,624,000	
TOTAL REQUEST COST				$8,712,000

2003 Equivalent Units	645	Cost/EU	$13,507

EDU's per initial facility plan
- Knobely Estates - 163 EDU's (no additional revenue generated)
- Mountaineer Village - 80 EDU's (revenue generated)
- High School - 25 EDU's (revenue generated)
- Graceland - 26 EDU's (no additional revenue generated)
- Moreland MHP - 80 EDU's (no additional revenue generated)
- Sherwood Acres - 80 EDU's (no additional revenue generated)

191 additional houses per initial facility plan maps (revenue generated)
assumed 60 LF of service lateral per lateral connection
QTY's based on initial Facility Plan, prices updated to reflect 2009 estimates

NMCRSS - PHASE 2
KNOBLEY ROAD SEWERSHED
Estimated Construction Cost
March 13, 2009

CONSTRUCTION COSTS				
Item	Units	Est Quantity	Unit Price	Total Est Price
6" SDR 35 PVC Gravity Sewer	LF	19,500	$50	$975,000
8" SDR 35 PVC Gravity Sewer	LF	17,500	$52	$910,000
10" SDR 35 PVC Gravity Sewer	LF	0	$55	$0
12" SDR 35 PVC Gravity Sewer	LF	0	$60	$0
15" SDR 35 PVC Gravity Sewer	LF	0	$65	$0
6" SDR 35 PVC Service Lateral	LF	5,100	$45	$229,500
Residential Grinder Pump Unit (Simplex)	LF	0	$5,850	$0
Residential Grinder Pump Unit (Duplex)	EA	0	$8,450	$0
Manholes	EA	75	$2,000	$150,000
Main Line Sewer Cleanouts	EA	80	$1,300	$104,000
Residential Cleanout	EA	251	$600	$150,600
2" Force Main SDR 21 PVC	LF	700	$25	$17,500
3" Force Main SDR 21 PVC	LF	4,100	$27	$110,700
4" Force Main SDR 21 PVC	LF	0	$29	$0
6" Force Main SDR 21 PVC	LF	2,800	$35	$98,000
8" Force Main SDR 21 PVC	LF	0	$45	$0
Steel Casing Bore & Jack	LF	240	$200	$48,000
Stream Crossing	EA	1	$6,500	$6,500
Pump Station	EA	4	$90,000	$360,000
10% Construction Contingency	%	0.1	$3,159,800	$316,000
Total Construction Cost				$3,475,000
OTHER COSTS				
Engineering	9.0%		$313,000	
Inspection	7.0%		$244,000	
Administration	2.0%		$70,000	
Legal	0.5%		$17,000	
Right-of-way	LS		$25,000	
Land Acquisition	LS		$24,000	
Other costs	1.0%		$35,000	
Project Contingency	3.0%		$105,000	
Total Other Costs				$833,000
TOTAL PROJECT COST				$4,308,000

2008 Equivalent Units	307	Cost/EU	$14,036

Drains into Fort Ashby - Pumped to Windover Hills which will replace PACA Sewage Lagoon which drains into Patterson Creek Water Shed above the Water Plant
Eliminates Green Gables Package Plant
Made provisions to extend line further southwest along Co Rt 9
O+M Cost for 4 Pump Stations
4 Grinder pumps are shown but location is not yet defined
Land Cost for Pumping Stations = $8,000 Per Station
QTY's based on initial Facility Plan, prices updated to reflect 2009 estimates

NMCRSS - PHASE 2
TOTAL SEWERSHED
Estimated Construction Cost
March 13, 2009

CONSTRUCTION COSTS					
Item	Units	Est. Quantity	Unit Price		Total Est. Price
6" SDR 35 PVC Gravity Sewer	LF	79,500	$50	$	3,975,000
8" SDR 35 PVC Gravity Sewer	LF	65,700	$52	$	3,416,400
10" SDR 35 PVC Gravity Sewer	LF	16,200	$55	$	891,000
12" SDR 35 PVC Gravity Sewer	LF	0	$60	$	-
15" SDR 35 PVC Gravity Sewer	LF	0	$65	$	-
6" SDR 35 PVC Service Lateral	LF	45,700	$45	$	2,056,500
Residential Grinder Pump Unit (Simplex)	EA	0	$5,850	$	-
Residential Grinder Pump Unit (Duplex)	EA	0	$8,450	$	-
Manholes	EA	382	$2,000	$	764,000
Main Line Sewer Cleanouts	EA	237	$1,300	$	308,100
Residential Cleanout	EA	1,145	$600	$	687,000
2" Force Main SDR 21 PVC	LF	950	$25	$	23,750
3" Force Main SDR 21 PVC	LF	5,700	$27	$	153,900
4" Force Main SDR 21 PVC	LF	5,100	$29	$	147,900
6" Force Main SDR 21 PVC	LF	6,400	$35	$	224,000
8" Force Main SDR 21 PVC	LF	0	$45	$	-
Steel Casing Bore & Jack	LF	2,500	$200	$	500,000
Stream Crossing	EA	13	$6,500	$	84,500
Pump Station	EA	7	$90,000	$	630,000
10% Construction Contingency	%	0.1	$13,862,050	$	1,386,300
Total Construction Cost					$15,260,000

OTHER COSTS			
Fort Ashby I&I Study	LS	$ 500,000	x
Engineering	9.0%	$ 1,373,000	x
Inspection	7.0%	$ 1,070,000	x
Administration	2.0%	$ 305,000	x
Legal	0.5%	$ 76,000	x
Right-of-way	LS	$ 65,000	x
Land Acquisition	LS	$ 42,000	x
Other costs	1.0%	$ 153,000	
Project Contingency	3.0%	$ 458,000	x
Total Other Costs		$ 4,042,000	

TOTAL PROJECT COST	$19,302,000

2008 Equivalent Units	1,253	Cost/EU	$15,397

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 7
November 10, 2010

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to the original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is for providing design of sewer line extension to serve both Frankfort High School and Frankfort Middle School. This line extension will eliminate two existing package wastewater treatment plants serving the schools and currently in need of major rehabilitation.

Basic Services

RK&K will prepare plans for approximately 6,100' of sewer line extension to serve Frankfort High School and Frankfort Middle School.

RK&K will prepare a change order to be executed with Bear Contracting for construction of this sewer line extension under Frankfort Public Service District Northern Mineral County Regional Sewer System Project, Contract 3.

RK&K will be paid for this effort on a lump sum basis in amount of $18,000.00.

Construction Engineering and Inspection

Construction Engineering and Inspection for this sewer line extension will be provided by RK&K under Frankfort Public Service District Northern Mineral County Regional Sewer System Project's Scope of Work Change No. 5 dated March 1, 2010.

Total Cost of Scope of Work Change No. 7 **$ 18,000.00**

Agreement Summary

1.	Original Agreement – May 20, 2003 Revised February 5, 2004, Revised January 9, 2006	$ 103,000.00
2.	Scope of Work Change No. 1 January 9, 2006	$ 845,278.00
3.	Scope of Work Change No. 2 November 10, 2008	$ 57,809.26
4.	Scope of Work Change No. 3 March 4, 2003	$ 198,677.00
5.	Scope of Work Change No. 4 August 7, 2009	$ 50,900.00
6.	Scope of Work Change No. 5 August 7, 2009	$ 767,000.00
7.	Scope of Work Change No. 6 September 20, 2010	$ 500,000.00
8.	Scope of Work Change No. 7 November 10, 2010	$ 18,000.00
	Total Agreement	**$ 2,540,664.26**

This Scope of Work Change No. 7 dated November 10, 2010, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Engineer: RUMMEL, KLEPPER & KAHL, LLP

David G. Vanscoy, P.E.
Associate

1/10/11
Date

Owner: Frankfort Public Service District

A. Blane Murray,
Chairman

Jan 10, 2011
Date

FRANKFORT PUBLIC SERVICE DISTRICT
NORTHERN MINERAL COUNTY
REGIONAL SEWER SYSTEM PROJECT

RUMMEL, KLEPPER & KAHL, LLP

SCOPE OF WORK CHANGE NO. 8
July 25, 2011

Original Agreement dated May 20, 2003
Revised February 5, 2004
Revised January 9, 2006

This scope of work change to the original Engineering Agreement dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 is for providing basic engineering services for final design of Phase II of the Northern Mineral County Regional Sewer System Project. This Scope of Work Change will add to the completion of that work under Scope of Work Change No. 6 which initiated the following work on the project:

1. I & I Study of Fort Ashby Sewer System (Work was limited to $100,000). The following work has been completed:
   a. Mapping of over 90% of Sewer System.
   b. Inspection of over 90% of Sewer Manholes
2. Preliminary Design of Phase II Collection System – Preliminary design has been completed and proposed collection system manholes have been staked in the field (Work was limited to $400,000).
   a. Turner Run – Fort Ashby – Short Gap
   b. Knobley Road to Area of Pinedora Stables
   c. WV Route 28 from Short Gap to Scenic Lane.
3. Preparation of WVIJDC Project No. 2004 S-791b Application and Phase II Facility Plan Addendum.

Scope of Work – Basic Services

RK&K will provide basic services for Phase II of the Northern Mineral County Regional Sewer System Project including preparation of construction plans and specifications for areas designated above and more fully described in WVIJDC Project No 20045-791b, Phase II Facility Plan Addendum.

1. Basic Engineering Services as defined in Contract. It is anticipated that six (6) construction contracts will be prepared.
   a. Turner Run – Fort Ashby – High Point beyond WV Route 956
   b. Knobley Road from WV Route 956 to vicinity of Pinedora Stables including four (4) pump stations.
   c. WV Route 28 North from end of Turner Run Project to Scenic Lane including Plum Run Road
   d. Contract for Repair/Replacement of lines in existing subdivisions currently in use including
      i. Graceland
      ii. Hunt Club
      iii. Knobley Estates
      iv. Sherwood Acres
      v. Moreland Trailer Park
   e. Contract to replace main Fort Ashby Pump Station
   f. Preparation of Contract Documents for repair of Fort Ashby Collection System problems identified during I&I Study. Fee based on $1.5 Million construction cost estimate.

Fee - Basic Services

RK&K will be paid monthly for the above described scope of work on a lump sum basis in amount of $569,000.00 in accordance with contract documents. **The following scope of work is specifically excluded from this fee and is not included in this scope of work change.**

1. Any Required Wetland Delineations
2. Any Required Archeological Field Investigations
3. Land Surveys for Easements and Property; Preparation of Plats
4. Coordination of Right-of-Way Acquisitions
5. *Geotechnical Engineering Services*

Scope of Work – I&I Study in Fort Ashby

I. Completion of I&I Field Investigation of Fort Ashby sewage collection system including:

a. Field Investigation

i. Continue to update existing as-built maps by preparing revised mapping locating manholes, cleanouts, water meters, valves, fire hydrants, and other features necessary for the evaluation and design of system;

ii. Continue to conduct manhole inspections to identify line size, type and orientation and presence of I&I or other problems;

iii. Conduct video inspection of the sewer system utilizing video camera to be procured by Frankfort Public Service District (FPSD);

iv. Update mapping with line sizes, type, laterals, etc.;

v. Conduct flow monitoring utilizing FPSD procured equipment;

vi. Conduit smoke and dye testing, utilizing FPSD procured equipment.

RK&K requires the use of at least one, and possibly more, FPSD personnel knowledgeable in the Fort Ashby system to assist in all aspects of the field investigation.

b. The above information will be collected and assembled such that a report can be prepared in the future along with recommendations for remediation of the I&I problems in the Fort Ashby collection system.

Fee - I&I Study in Fort Ashby

Work will be provided for the I&I Study on a "time and material" basis. The estimated cost to complete the I&I Study is $100,000. This cost is based on FPSD furnishing at least one man knowledgeable of the system, a video camera, and flow meters.

Authorization to proceed on work described above is subject to approval of project and concurrent design loan application by WVIJDC.

This Scope of Work Change No. 8 dated July 25, 2011, to the Agreement between Frankfort Public Service District and Rummel, Klepper & Kahl, LLP dated May 20, 2003, revised February 5, 2004, and revised January 9, 2006 for Frankfort Public Service District Northern Mineral County Regional Sewer System Project is approved by the following duly authorized officials:

Agreement Summary

1.	Original Agreement – May 20, 2003 Revised February 5, 2004, Revised January 9, 2006	$ 103,000.00
2.	Scope of Work Change No. 1 January 9, 2006	$ 845,278.00
3.	Scope of Work Change No. 2 November 10, 2008	$ 57,809.26
4.	Scope of Work Change No. 3 March 4, 2003	$ 198,677.00
5.	Scope of Work Change No. 4 August 7, 2009	$ 50,900.00
6.	Scope of Work Change No. 5 August 7, 2009	$ 767,000.00
7.	Scope of Work Change No. 6 September 20, 2010	$ 500,000.00
8.	Scope of Work Change No. 7 November 10, 2010	$ 18,000.00
9.	Scope of Work Change No. 8 July 25, 2011	$ 669,000.00
	Total Agreement	**$ 3,209,664.26**

Engineer: RUMMEL, KLEPPER & KAHL, LLP

_____ _____
David G. Vanscoy, P.E. Date
Associate

Owner: Frankfort Public Service District

_____ _____
A. Blane Murray, Date
Chairman

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 16th day of December, 2005.

CASE NO. 03-1632-PSD-PC

FRANKFORT PUBLIC SERVICE DISTRICT,
a public utility, Wiley Ford, Mineral County.
A Petition to reopen for approval of a revised engineering agreement between the District and Rummel, Klepper & Khal, L.L.P.

COMMISSION ORDER

On October 28, 2005, the County Commission of Mineral County (County Commission), on behalf of the Frankfort Public Service District (District), petitioned the Commission to reopen the above matter. The County Commission asserted in its petition that all financial information previously requested by the Public Service Commission for approval of the revised engineering agreement had been submitted for review.

On November 9, 2005, Commission Staff (Staff) filed its Initial and Final Joint Staff Memorandum. Staff noted that the Commission originally granted approval, in a January 25, 2004, Final Order, to the District for engineering service relating only to a Preliminary Study and Report Phase to determine the feasibility of providing sewer service in northern Mineral County. The amendment to the engineering agreement that is the subject of this Petition was originally filed with the Commission on April 21, 2005, and provides for the Design Phase of the treatment plant and the first six (6) of eight (8) collection systems. Staff Memorandum at p. 1. The complete eight (8) collection systems are as follows: 1) Patterson Creek Connector; 2) Plum Run; 3) Scenic Lane; 4) Patterson Creek; 5) Turner Run; 6) Knobley Road; 7) Route 28 South; and 8) Baker Hollow. Id. By Administrative Law Judge's Recommended decision dated September 14, 2005, which became a Final Order dated October 4, 2005, the case was dismissed because the District did not provide to Staff requested grant and loan commitment letters in a timely manner. Id. On September 20, 2005, the County Commission filed the requested funding letters with the Commission.

Staff reviewed the proposed engineering agreement amendment and recommended that the amendment for the design phase be approved pursuant to *West Virginia Code* § 16-

13A-25. *See,* November 9, 2005, Final Joint Staff Memorandum at p. 1. Additionally, Staff reviewed the grant and loan commitment letters and recommended that the District's EPA grant in the amount of $723, 200 be approved pursuant to *West Virginia Code* §§ 16-13A-24 and 25 and that the District's West Virginia Infrastructure and Jobs Development Council (IJDC) design loan in the amount of $200,000 be approved pursuant to *West Virginia Code* § 16-13A-25. Staff noted that approval by the Commission of the amended engineering agreement does not constitute a waiver nor an approval of any other statutory requirements such as certification.

West Virginia Code § 16-13A-24 states in pertinent part:

> Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction . . . from any authorized agency or from the United States of America or any federal or public agency or department of the United States . . . .

West Virginia Code § 16-13A-25 requires the District to receive permission from the Commission for certain activities, and states in pertinent part:

> (a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section . . . twenty-four [§ 16-13A-24] of this article, without the prior consent and approval of the Public Service Commission.

UPON CONSIDERATION, the Commission finds that this case should be reopened now that the necessary loan and grant documentation requested by Staff has been received, reviewed and considered. Furthermore, the Commission finds that the amendment to the engineering agreement with Rummel, Klepper & Khal, L.L.P. for the design phase, filed by District on April 21, 2005, should be approved. The Commission finds also that the District's EPA grant in the amount of $723,000 and the District's West Virginia IJDC design loan in the amount of $200,000 should be approved.

ORDER

IT IS THEREFORE ORDERED that the Petition to Reopen this matter filed by the County Commission of Mineral County on behalf of the Frankfort Public Service District

be granted for the purpose of review of a revised engineering agreement between the Frankfort Public Service District and Rummel, Klepper & Khal, L.L.P. and for review of a proposed design grant and a proposed loan.

IT IS FURTHER ORDERED that the revised engineering agreement between the Frankfort Public Service District and Rummel, Klepper & Khal, L.L.P., which provides for the Design Phase of the treatment plant and the first six (6) of eight (8) collection systems, listed in their entirety as follows: 1) Patterson Creek Connector; 2) Plum Run; 3) Scenic Lane; 4) Patterson Creek; 5) Turner Run; 6) Knobley Road; 7) Route 28 South; and 8) Baker Hollow, be approved.

IT IS FURTHER ORDERED that the West Virginia IJDC design loan in the amount of $200,000 to the Frankfort Public Service District is approved.

IT IS FURTHER ORDERED that the United States Environmental Protection Special Water and Wastewater Infrastructure Project grant in the amount of $723,200 to the Frankfort Public Service District is approved.

IT IS FURTHER ORDERED that upon entry hereof this case 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 Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

SMS/sek
031632cb.wpd

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2012***

December 18, 2012

FRANKFORT PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Huber, Michaels & Company, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Prior Bonds hereinafter defined and described, hereby consents to the issuance of the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority) (the "Series 2012 A Bonds"), in the original aggregate principal amount of $800,000, by Frankfort Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2012 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (i) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000 (the "Series 2000 A Bonds"); (ii) Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459 (the "Series 2000 B Bonds"); and (iii) Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), dated March 18, 2010, issued in the original aggregate principal amount of $7,249,751 (the "Series 2010 A Bonds") (hereinafter collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative

306370.00007

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

United States Department of Agriculture
Rural Development
West Virginia State Office

December 18, 2012

Frankfort Public Service District
Sewerage System Design Revenue Bonds, Series 2012 A
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority) (the "Series 2012 A Bonds"), in the principal amount of $800,000, by Frankfort Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2012 A Bonds (the "Series 2012 A Resolution") on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's assumed loan of Fort Ashby Public Service District Sewer Revenue Bonds, Series 1975, dated April 27, 1975, issued in the original aggregate principal amount of $612,900 (the "Prior Bonds".

State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: http://www.rurdev.usda.gov

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FORT ASHBY PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1975

BOND RESOLUTION

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FORT ASHBY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $612,900 SEWER REVENUE BOND, SERIES 1975, OF FORT ASHBY PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF A NEW SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN UPON THE SYSTEM IN FAVOR OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF FORT ASHBY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Fort Ashby Public Service District (herein called the "District") is a public service district created pursuant to said Article 13A by the County Court of Mineral County, West Virginia.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The District does not now have a public sewerage system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District and in the interest of pollution control, and, accordingly, it is hereby ordered that there be constructed and acquired a new sanitary sewerage system of the District consisting of mains, lines, pumping stations and a sewage treatment plant, with all necessary appurtenant facilities (herein called the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the

Public Service Board of the District (herein called the "Board").

(C) It is necessary for the District to issue its revenue bond in the principal amount of $612,900 to finance the costs of acquisition and construction of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is $1,866,000, of which $612,900 will be obtained from the proceeds of sale of the Series 1975 Bond herein authorized and $1,253,100 will be obtained by a grant from Environmental Protection Agency.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1975 Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this resolution.

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

(G) There are not outstanding any obligations of the District which will rank superior to or on a parity with the Series 1975 Bond as to lien and source of and security for payment.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1975 Bond, or will have so complied prior to issuance of the Series 1975 Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Series 1975 Bond by the Public Service Commission of West

Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolutions to Constitute Contract. In consideration of the acceptance of the Series 1975 Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the legal holders of all the Bonds.

Section 1.04. Definitions. The following terms shall have the following meanings in this Resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bonds" means the $612,900 Sewer Revenue Bond, Series 1975, originally authorized to be issued pursuant to this Resolution and shall also be deemed to include, where appropriate, any additional parity Bonds issued pursuant to this Resolution.

"Series 1975 Bond" means the Bond hereby authorized to be issued.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means John McNair and Associates, Consulting Engineers, Waynesboro, Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Fort Ashby Public Service District, of Mineral County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" or "sewage facilities" means all the facilities of the System constructed and acquired as parts of the Project, and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture,

fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Series 1975 Bond or of any part of such series.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"System" means the complete sewerage system of the District consisting originally of the Project, including all sewer facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. Mandatory Connection With Sewer System. The mandatory use of the sewer facilities of the System is hereby determined and declared to be essential and necessary for the protection and preservation of the public health, comfort, safety, convenience, welfare and economy of the inhabitants of the District and for the rendering harmless of sewage and water-borne waste matter produced or arising within the District. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within 100 feet thereof and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect such building or structure with the sewer facilities of the System immediately upon completion of the Project and shall thereafter refrain from using and cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates provided herein, all as provided in the Act.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF SERIES 1975 BOND

Section 2.01. Authorization of Series 1975 Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Sewer Revenue Bond, Series 1975", is hereby authorized to be issued in the aggregate principal amount of not exceeding Six Hundred Twelve Thousand Nine Hundred Dollars ($612,900) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Series 1975 Bond. The Series 1975 Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Series 1975 Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Series 1975 Bond shall be subject to prepayment of scheduled installments, or any partion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Series 1975 Bond. The Series 1975 Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. The Series 1975 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Series 1975 Bond shall hold the proper office on the Board, although at the date of such Series 1975 Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Series 1975 Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Series 1975 Bond of like tenor as the Series 1975 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such

mutilated Series 1975 Bond or in lieu of and substitution for the Series 1975 Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Series 1975 Bond so surrendered shall be canceled and held for the account of the District. If the Series 1975 Bond shall have matured or be about to mature, instead of issuing a substitute Series 1975 Bond, the District may pay the same, and, if such Series 1975 Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Series 1975 Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 1975 Bond, and to make the payments of the principal and interest installments and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 1975 Bond as the same become due.

Section 2.06. Form of Series 1975 Bond. Subject to the provisions of this Resolution, the text of the Series 1975 Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BOND, SERIES 1975

FORT ASHBY PUBLIC SERVICE DISTRICT

$612,900

No. 1 Date: _____, 19__

FOR VALUE RECEIVED, FORT ASHBY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Six Hundred Twelve Thousand Nine Hundred Dollars ($612,900), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $3,004, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the

Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the sewerage system of the Borrower, is payable solely from the revenues to be derived from the operation of such sewerage system after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the sewerage system. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE SEAL]

FORT ASHBY PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

ATTEST:

Chairman, Public Service Board
(Title of Executive Official)

(Signature of Attesting Official)

(Post Office Box No. or Street Address)

Secretary, Public Service Board
(Title of Attesting Official)

Fort Ashby, West Virginia 26719
(City, State and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

SERIES 1975 BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Series 1975 Bond Proceeds; Project Construction Account. All moneys received from the sale of the Series 1975 Bond shall be deposited on receipt by the District in Farmers and Merchants Bank, Keyser, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account heretofore created and designated as "Fort Ashby Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Bond Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Series 1975 Bond on such interest payment date if moneys in the Bond Fund are insufficient for such purpose.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to the aforesaid Federal grant, and any moneys then remaining in the Project Construction Account shall be promptly used to prepay installments of the Series 1975 Bond or a portion thereof and any residue shall be deposited in the Bond Fund.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 1975 Bond and any additional parity Bonds remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holders of the Bonds as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Fort Ashby Public Service District Revenue Fund" (herein called the "Revenue Fund") is hereby established with the bank named in Section 3.01 above. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month set aside in the Operation and Maintenance Fund hereby established with said Bank such sum as the Board shall determine, in accordance with its budget, to be necessary for operating expenses.

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the office and place designated in the Bond (herein called the "Bond Fund") the amount required to pay the interest on the Series 1975 Bond and to amortize the principal of the Series 1975 Bond over the life of the Bond issue.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund now established with said Bank, 1/12 of 1/10 of the maximum amount of principal and interest becoming due on the Series 1975 Bond in any year until the amount in the Reserve Fund equals such maximum amount. After such maximum amount has been accumulated in the Reserve Fund, the District shall monthly deposit in the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on the Series 1975 Bond and for payments of operating expenses of the System, as shall be required to maintain such maximum amount in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1975 Bond as the same shall become due or for prepayment of installments or for mandatory redemption of the Series 1975 Bond as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Replacement Fund, hereby established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Replacement Fund the aggregate sum of $55,000 and

thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Replacement Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Series 1975 Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Replacement Fund may be withdrawn by the District and used for repairs, replacements of equipment and improvements of the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 1975 Bond outstanding, or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the unpaid principal of the Series 1975 Bond outstanding, it shall be the mandatory duty of the District, anything to the contrary in this Resolution notwithstanding, to direct the said Bank to pay the unpaid principal amount of the Series 1975 Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund as herein provided, and all amounts required therefor will be deposited by the District upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order

provided herein, and until so used, the Bondholder shall have a lien thereon for further securing payment of the Series 1975 Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would otherwise be required to be made into the funds or accounts on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Replacement Fund invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the maximum amount required to be accumulated therein is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The District may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Board determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause notice of the change to be sent by registered or certified mail to the Government.

(D) User Contracts. The District shall, prior to delivery of the Series 1975 Bond, obtain user agreements from not less than 447 users in the area to be served by the Project, ~~and shall collect and deposit in the Project Construction Account not less than $_____ based on a tap fee of $_____.~~

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to pay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Government.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $100,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $100,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding that covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by the Government specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless

unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the

Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE

Available for all domestic, commercial and industrial consumers within the District's service area.

RATES PER MONTH BASED UPON WATER USAGE

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts:

TAP FEES

Tap fee before completion of the Project shall be $_____.

After completion of the Project, the tap fee shall be $____ or actual cost, including materials and labor, whichever is greater.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within ten days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within thirty days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours'

written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of $__ have been paid.

RECONNECTION CHARGE

The reconnection charge shall be $_____.

MULTIPLE OCCUPANCY

Each family or business unit of apartment buildings and other multiple occupancy buildings shall be required to pay not less than the minimum monthly charge herein established for 5/8 inch meter. Motels and hotels shall pay on the basis of size of meter installed.

House trailer (mobile and immobile types) courts and parks shall have one or more master meters of adequate size and shall pay $____ multiplied by the number of units at the site on the monthly billing date or the minimum charge for the master meter or meters installed, whichever is greater.

House trailers located on sites other than a park or court shall be billed in the same manner as any other family or business unit.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of State, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the District or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable

to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. No allowance or adjustment in any bill for use of the service and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

G. The District shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

H. In case of emergency, the District shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the District.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions of this resolution and the District shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but never less than 110% of the average annual debt service on all Bonds outstanding.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter, shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, representing all the Series 1975 Bond issue, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and pay for Bond No. B1.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bonds or coupons appertaining thereto.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections

hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted August 27, 1975.

Charles F. Ault
Chairman of Public Service Board

Claude W Funk
Member

George H Brown
Member

SEWER REVENUE BOND, SERIES 1975

FORT ASHBY PUBLIC SERVICE DISTRICT

$612,900

No. 1 Date: August 27, 1975

FOR VALUE RECEIVED, FORT ASHBY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Six Hundred Twelve Thousand Nine Hundred Dollars ($612,900), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $3,004, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the sewerage system of the Borrower, is payable solely from the revenues to be derived from the operation of such sewerage system after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the sewerage system. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

FORT ASHBY PUBLIC SERVICE DISTRICT

By_____
Chairman, Public Service Board

Fort Ashby
West Virginia 26719

[CORPORATE SEAL]

ATTEST:

_____
Secretary, Public Service Board

FRANKFORT PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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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:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means 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 of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds 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

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(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

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of 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.

A. Blaine Musser
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]

Douglas L. Bridgford
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

J. Blaine Marcum

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

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]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

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, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$84,252	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 $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
Total	500,000.00	-	500,000.00 *

*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

(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 (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 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]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

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

SPECIMEN

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
Total	1,572,459.00	-	1,572,459.00

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

(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

FRANKFORT PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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FRANKFORT PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT OF THE SERIES 2006 A BONDS ND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $7,249,751 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (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 AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT 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 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 presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public sewerage system of the Issuer, consisting of construction of three new interceptors and a treatment plant capable of processing 0.6 million gallons of wastewater per day, and all necessary appurtenances relating thereto, 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 existing public sewer facilities of the Issuer, 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 has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Sewer Revenue Design Bonds, Series 2006 A, dated April 25, 2006, issued in the original aggregate principal amount of $200,000 (the "Series 2006 A Bonds").

D. The Series 2006 A Bonds were issued pursuant to a Resolution of the Issuer previously enacted for such purpose (such resolution, as amended and supplemented is herein called the "Series 2006 A Bonds Resolution").

E. It is deemed necessary and desirable for the Issuer to pay the Series 2006 A Bonds.

F. The Issuer intends to pay the Series 2006 A Bonds and 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 Infrastructure Fund pursuant to the Act.

G. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), in the aggregate principal amount of $7,249,751 (the "Series 2010 A Bonds"), to pay the Series 2006 A Bonds and permanently finance a portion of the costs of acquisition and construction of the Project. 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 2010 A 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 Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A 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 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2010 A 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") all in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

J. Upon payment of the Series 2006 A Bonds, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000 (the "Series 2000 A Bonds"); (ii) Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459 (the "Series 2000 B Bonds"); and (iii) Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900 (the "Series 1975 Bonds") (hereinafter collectively, the "Prior Bonds").

The Issuer intends to issue its Sewer Bond Anticipation Notes, Series 2010 A (West Virginia Infrastructure Fund) in the aggregate principal amount of $6,537,749 (the "Series 2010 A Notes"), concurrently with the Series 2010 A Bonds; however, the Series 2010 A Notes will not have a lien on the Net Revenues of the System.

The Series 2010 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with the Prior Bonds. Following payment of the Series 2006 A Bonds, other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

K. 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 2010 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

L. 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 and issuance of the Series 2010 A 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 2010 A Bonds or such final order will not be subject to appeal or rehearing.

M. 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 2010 A 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 2010 A 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 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 2010 A 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 2010 A Bonds, the Prior 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 2010 A Bonds for all or a portion of the proceeds of the Series 2010 A 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 1.02D 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.

"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 monies 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.

"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, 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 2010 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 A 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.

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

"Outstanding," when used with reference to Bonds 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 monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; 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 2010 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 2000 A Bonds, Series 2000 B Bonds and Series 1975 Bonds.

"Prior Resolutions" means, collectively, the Resolutions authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2010 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2010 A Bonds and the Prior 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 1975 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1975 (United States Department of Agriculture), dated April 27, 1975, originally issued to Fort Ashby Public Service District in the aggregate principal amount of $612,900.

"Series 2000 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $500,000.

"Series 2000 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 22, 2000, issued in the original aggregate principal amount of $1,572,459.

"Series 2006 A Bonds" means the Issuer's Sewerage System Design Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated April 25, 2006, issued in the original aggregate principal amount of $200,000.

"Series 2006 A Bonds Resolution" means the resolution of the Issuer authorizing the Series 2006 A Bonds.

"Series 2010 A Bonds" means the Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2010 A Bonds Construction Trust Fund" means the Series 2010 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 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 2010 A Bonds in the then current year or any succeeding year.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2010 A Notes" means the Issuer's Sewer Bond Anticipation Notes, Series 2010 A, issued simultaneously with the Series 2010 A Bonds pursuant to the Series 2010 A Notes Resolution.

"Series 2010 A Notes Resolution" means the resolution of the Issuer authorizing the Series 2010 A Notes.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2010 A Bonds and the Prior Bonds.

"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

2010 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2010 A 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 Series 2010 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the 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 PAYMENT OF THE SERIES 2006 A BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $18,221,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2010 A 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, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $18,221,000, of which approximately $7,249,751 will be obtained from proceeds of the Series 2010 A Bonds; approximately $1,500,000 will be obtained from a U.S. Economic Development

Administration grant; approximately $933,500 will be obtained from U.S. Environmental Protection Agency grant; and approximately $6,537,749 will be obtained from the proceeds of the Series 2010 A Notes.

Section 2.02. Authorization of Payment of the Series 2006 A Bonds. There is herby authorized and ordered the payment in full of the entire outstanding principal of and the interest on the Series 2006 A Bonds on the Closing Date. The cost of which will be paid from the proceeds of the Series 2010 A Bonds. Upon payment in full of the Series 2006 A Bonds, any funds pledged in favor of the holders of the Series 2006 A Bonds imposed by the Series 2006 A Bonds Resolution are hereby ordered terminated, discharged and released.

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, if any, on the Series 2010 A Bonds, funding the Reserve Account for the Series 2010 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 A 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 2010 A Bonds of the Issuer. The Series 2010 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)," in the principal amount of $7,249,751, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2010 A Bonds, if any, shall be deposited in or credited to the Series 2010 A Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2010 A 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 2010 A 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 2010 A 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 2010 A 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 2010 A Bonds. The Series 2010 A 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 2010 A 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 2010 A Bonds shall cease to be such officer of the Issuer before the Series 2010 A 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 2010 A 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 2010 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2010 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 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 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 2010 A 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 2010 A 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 2010 A 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 2010 A 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 2010 A Bonds or transferring the registered Series 2010 A Bonds are exercised, all Series 2010 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2010 A 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 2010 A Bonds or, in the case of any proposed redemption of Series 2010 A 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 2010 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 2010 A 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 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2010 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior 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 2010 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 A 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 2010 A 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 2010 A 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 2010 A Bonds.

Section 3.10. Form of Bonds. The text of each series of the Series 2010 A 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 2010 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on the _____ day of _____, 2010, the 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 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, 20___ to and including _____ 1, 20___, 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 _____, 2010.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to pay the Series 2006 A Bonds; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (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: (1) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2000 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,572,459 (THE "SERIES 2000 B BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 27, 1975, ORIGINALLY ISSUED TO FORT ASHBY PUBLIC SERVICE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF $612,900 (THE "SERIES 1975 BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 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 an 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 monies in the Series 2010 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 or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 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 or junior to the Bonds, including the

Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, 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 monies, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, 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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2010 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the 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 Agreement, 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 and the Council a schedule, the forms of which will be provided by 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 (or continued) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

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

(3) Reserve Account (established by Prior Resolution for the Series 1975 Bonds); and

(4) Series 2010 A 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 (established by Prior Resolution);

(2) Series 2000 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 2000 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 2000 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 2010 A Bonds Sinking Fund; and

(6) Series 2010 A 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 monies in the Revenue Fund all current Operating Expenses of the System.

(2) The Issuer shall next transfer from the Revenue Fund and remit to the National finance Office the amount referred to pay interest on the Series 1975 Bonds as required by Prior Resolution.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required to pay principal on the Series 1975 Bonds, as required by the Prior Bonds; (ii) remit to the Commission, as appropriate, the amounts required to pay principal of the Series 2000 A Bonds and Series

2000 B Bonds, as required by the Prior Resolutions; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 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 2010 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Depository Bank the amount required by Prior Resolution for deposit in the Reserve Account for the Series 1975 Bonds; (ii) to the Commission, as appropriate, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Series 2000 A Bonds and Series 2000 B Bonds; and (iii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 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 2010 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 ½% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, 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 monies from the Renewal and Replacement Fund.

Monies in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2010 A Bonds as the same shall become due. Monies in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2010 A Bonds, as the same shall come due, when other monies in the Series 2010 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account, shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 A Bond Construction Trust Fund, 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 2010 A and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 A Bonds Reserve Account which results 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 2010 A 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 requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund or the Series 2010 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2010 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund and the Series 2010 A 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. 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.

Monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest, if any, and reserve account payments with respect to the Series 2010 A 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.

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 respective parties 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 monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by 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.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2010 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 A Bonds, there shall first be deposited with the Commission in the Series 2010 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 2010 A Bonds for the period commencing on the date of issuance of the Series 2010 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission in the Series 2010 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2010 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission the amount sufficient to pay in full the outstanding principal of, interest on, the Series 2006 A Bonds on the Closing Date.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 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 2010 A Bonds.

E. After completion of the construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2010 A Bonds shall be applied as approved by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. 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 2010 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer 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.

The Issuer shall expend all proceeds of the Series 2010 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2010 A Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2010 A 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 2010 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The payment of the debt service of the Series 2010 A Bonds shall be secured forthwith equally and

ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior 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 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 2010 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior 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 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 and shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. 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 July 14, 2009 and Commission Order dated February 8, 2010 in Case No. 08-2005-PSD-CN, and such rates are hereby adopted.

So long as the Series 2010 A 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 2010 A 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 2010 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of 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 2010 A Bonds, immediately

be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of 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 2010 A Bonds. Any balance remaining after the payment of the Series 2010 A 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 2010 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 A 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 2010 A 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 2010 A 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 2010 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give 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. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2010 A Bonds.

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

So long as the Series 1975 Bonds are Outstanding, 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal

indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds are no longer Outstanding, the following requirement shall be met:

So long as the Series 2000 A Bonds, Series 2000 B Bonds, or Series 2010 A Bonds are outstanding, no Parity Bonds shall be issued at any time, 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 expected 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 expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above 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 time for appeal of which shall have 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. All Bonds, 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 over any other. The Issuer shall comply

fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2010 A 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 2010 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the 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 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 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 Council, the Authority, or any other original purchaser of the Series 2010 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2010 A 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 (and to the extent legally required, in compliance with the applicable OMB Circular and the Single Audit Act, or any successor thereto), 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 2010 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2010 A Bonds. Such audit report submitted to 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 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 Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2010 A 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 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2010 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2010 A Bonds Reserve Account, and the reserve accounts for obligations on a parity with or junior to the Series 2010 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2010 A Bonds, including the Prior 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 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 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 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 Loan Agreement, and forward a copy of such report to 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 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to 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 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 employ qualified operating personnel properly certified by the State during the entire term of the Loan Agreement. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the 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 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 and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A 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 2010 A Bonds and shall be on a parity with the Prior 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 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 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.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

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; Change Orders, Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2010 A 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2010 A 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 Council before expending any proceeds of the Series 2010 A Bonds made available due to bid or construction or project underruns.

C. The Issuer 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 ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 2010 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2010 A 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 2010 A Bonds as a condition to issuance of the Series 2010

A 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 2010 A Bonds as may be necessary in order to maintain the status of the Series 2010 A 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 2010 A 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 or the Council, as the case may be, from which the proceeds of the Series 2010 A 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 or the Council, 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.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2010 A 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 2010 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 A 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;

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

(4) If default occurs with the Prior Bonds.

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 2010 A Bonds shall be on a parity with the Holders of the Prior 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 2010 A 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 monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 A 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 2010 A 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 2010 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 A 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 2010 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 A 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 2010 A 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 2010 A 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 2010 A 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, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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. Effective Date. This Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Blank]

Adopted this 8th day of March, 2010.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of FRANKFORT PUBLIC SERVICE DISTRICT on the 8th day of March, 2010.

Dated: March 18, 2010.

[SEAL]

Secretary

02.17.10
306370.00003

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

Frankfort Public Service District
Sewer Revenue Bonds, Series 2010 A
(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 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Frankfort Public Service District (the "Issuer") has duly and officially adopted a bond resolution on March 8, 2010 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE SERIES 2006 A BONDS ND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF FRANKFORT PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $7,249,751 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (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

2

CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Series 2010 A Bonds"), in the aggregate principal amount not to exceed $7,249,751, and has authorized the execution and delivery of the loan agreement relating to the Series 2010 A Bonds, 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") (the "Loan Agreement"), in accordance with Chapter 16, Article 13A 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 Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal 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. Sewer Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $7,249,751. The Series 2010 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2050 and shall bear no interest. The principal of the Series 2010 A Bonds shall be payable quarterly, on March 1, July 1, September 1 and December 1 of each year, commencing June 1, 2012 to and including March 1, 2050, 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 2010 A Bonds. The Series 2010 A 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 2010 A 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 Agreement, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement 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 Agreement and in the applications to 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 The Huntington National Bank, 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 First Peoples Community Federal Credit Union, Cumberland, Maryland, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2010 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2010 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 A Bonds Reserve Account to fund the Series 2010 A Bonds Reserve Account.

Section 9. Series 2010 A Bonds proceeds on the amount of $143,771.41 shall be deposited with the Commission to pay the outstanding principal balance of and all accrued interest on the Issuer's Sewer Design Revenue Bonds, Series 2006 A, dated April 25, 2006, in the original aggregate principal amount of $200,000 (the "Series 2006 A Bonds").

Section 10. The balance of the proceeds of the Series 2010 A Bonds shall be deposited in or credited to the Series 2010 A Bond Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 A Bonds and related costs.

Section 11. 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 March 18, 2010, to the Authority pursuant to the Loan Agreement.

Section 12. The payment of the Series 2006 A Bonds, 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 13. 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 and the Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

[Remainder of Page Intentionally Blank]

Adopted this 8th day of March, 2010.

FRANKFORT PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Frankfort Public Service District on the 8th day of March, 2010.

Dated: March 18, 2010.

[SEAL]

Secretary

02.17.10
306370.00003

CH5222296

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $7,249,751

KNOW ALL MEN BY THESE PRESENTS: That on the 18th day of March, 2010, the 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 special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SEVEN MILLION TWO HUNDRED FORTY-NINE THOUSAND SEVEN HUNDRED FIFTY-ONE DOLLARS ($7,249,751), 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, 2012 to and including March 1, 2050, 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 March 18, 2010.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to pay the Series 2006 A Bonds; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 March 8, 2010, and a Supplemental Resolution duly adopted by the Issuer on March 8, 2010 (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: (1) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 (THE "SERIES 2000 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,572,459 (THE "SERIES 2000 B BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 1975 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 27, 1975, ORIGINALLY ISSUED TO FORT ASHBY PUBLIC SERVICE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF $612,900 (THE "SERIES 1975 BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 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 an 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 monies in the Series 2010 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 or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 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 or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, 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 monies, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, 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 the day and year first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: March 18, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By _____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $641,751.66	March 18, 2010	(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

BOND DEBT SERVICE

Frankfort PSD

IF

0% Interest Rate

40 Years from Closing Date

Dated Date	3/18/2010
Delivery Date	3/18/2010

Period Ending	Principal	Interest	Debt Service
3/18/2010			
6/1/2012	47,696		47,696
9/1/2012	47,696		47,696
12/1/2012	47,696		47,696
3/1/2013	47,696		47,696
6/1/2013	47,696		47,696
9/1/2013	47,696		47,696
12/1/2013	47,696		47,696
3/1/2014	47,696		47,696
6/1/2014	47,696		47,696
9/1/2014	47,696		47,696
12/1/2014	47,696		47,696
3/1/2015	47,696		47,696
6/1/2015	47,696		47,696
9/1/2015	47,696		47,696
12/1/2015	47,696		47,696
3/1/2016	47,696		47,696
6/1/2016	47,696		47,696
9/1/2016	47,696		47,696
12/1/2016	47,696		47,696
3/1/2017	47,696		47,696
6/1/2017	47,696		47,696
9/1/2017	47,696		47,696
12/1/2017	47,696		47,696
3/1/2018	47,696		47,696
6/1/2018	47,696		47,696
9/1/2018	47,696		47,696
12/1/2018	47,696		47,696
3/1/2019	47,696		47,696
6/1/2019	47,696		47,696
9/1/2019	47,696		47,696
12/1/2019	47,696		47,696
3/1/2020	47,696		47,696
6/1/2020	47,696		47,696
9/1/2020	47,696		47,696
12/1/2020	47,696		47,696
3/1/2021	47,696		47,696
6/1/2021	47,696		47,696
9/1/2021	47,696		47,696
12/1/2021	47,696		47,696
3/1/2022	47,696		47,696
6/1/2022	47,696		47,696
9/1/2022	47,696		47,696
12/1/2022	47,696		47,696

BOND DEBT SERVICE
Frankfort PSD
IF
0% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2023	47,696		47,696
6/1/2023	47,696		47,696
9/1/2023	47,696		47,696
12/1/2023	47,696		47,696
3/1/2024	47,696		47,696
6/1/2024	47,696		47,696
9/1/2024	47,696		47,696
12/1/2024	47,696		47,696
3/1/2025	47,696		47,696
6/1/2025	47,696		47,696
9/1/2025	47,696		47,696
12/1/2025	47,696		47,696
3/1/2026	47,696		47,696
6/1/2026	47,696		47,696
9/1/2026	47,696		47,696
12/1/2026	47,696		47,696
3/1/2027	47,696		47,696
6/1/2027	47,696		47,696
9/1/2027	47,696		47,696
12/1/2027	47,696		47,696
3/1/2028	47,696		47,696
6/1/2028	47,696		47,696
9/1/2028	47,696		47,696
12/1/2028	47,696		47,696
3/1/2029	47,696		47,696
6/1/2029	47,696		47,696
9/1/2029	47,696		47,696
12/1/2029	47,696		47,696
3/1/2030	47,696		47,696
6/1/2030	47,696		47,696
9/1/2030	47,696		47,696
12/1/2030	47,696		47,696
3/1/2031	47,696		47,696
6/1/2031	47,696		47,696
9/1/2031	47,696		47,696
12/1/2031	47,696		47,696
3/1/2032	47,696		47,696
6/1/2032	47,696		47,696
9/1/2032	47,696		47,696
12/1/2032	47,696		47,696
3/1/2033	47,696		47,696
6/1/2033	47,696		47,696
9/1/2033	47,696		47,696
12/1/2033	47,696		47,696
3/1/2034	47,696		47,696
6/1/2034	47,696		47,696
9/1/2034	47,696		47,696
12/1/2034	47,696		47,696

BOND DEBT SERVICE
Frankfort PSD
IF
0% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2035	47,696		47,696
6/1/2035	47,696		47,696
9/1/2035	47,696		47,696
12/1/2035	47,696		47,696
3/1/2036	47,696		47,696
6/1/2036	47,696		47,696
9/1/2036	47,696		47,696
12/1/2036	47,696		47,696
3/1/2037	47,696		47,696
6/1/2037	47,696		47,696
9/1/2037	47,696		47,696
12/1/2037	47,696		47,696
3/1/2038	47,696		47,696
6/1/2038	47,696		47,696
9/1/2038	47,696		47,696
12/1/2038	47,696		47,696
3/1/2039	47,696		47,696
6/1/2039	47,696		47,696
9/1/2039	47,696		47,696
12/1/2039	47,695		47,695
3/1/2040	47,695		47,695
6/1/2040	47,695		47,695
9/1/2040	47,695		47,695
12/1/2040	47,695		47,695
3/1/2041	47,695		47,695
6/1/2041	47,695		47,695
9/1/2041	47,695		47,695
12/1/2041	47,695		47,695
3/1/2042	47,695		47,695
6/1/2042	47,695		47,695
9/1/2042	47,695		47,695
12/1/2042	47,695		47,695
3/1/2043	47,695		47,695
6/1/2043	47,695		47,695
9/1/2043	47,695		47,695
12/1/2043	47,695		47,695
3/1/2044	47,695		47,695
6/1/2044	47,695		47,695
9/1/2044	47,695		47,695
12/1/2044	47,695		47,695
3/1/2045	47,695		47,695
6/1/2045	47,695		47,695
9/1/2045	47,695		47,695
12/1/2045	47,695		47,695
3/1/2046	47,695		47,695
6/1/2046	47,695		47,695
9/1/2046	47,695		47,695
12/1/2046	47,695		47,695

BOND DEBT SERVICE

Frankfort PSD
IF
0% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2047	47,695		47,695
6/1/2047	47,695		47,695
9/1/2047	47,695		47,695
12/1/2047	47,695		47,695
3/1/2048	47,695		47,695
6/1/2048	47,695		47,695
9/1/2048	47,695		47,695
12/1/2048	47,695		47,695
3/1/2049	47,695		47,695
6/1/2049	47,695		47,695
9/1/2049	47,695		47,695
12/1/2049	47,695		47,695
3/1/2050	47,696		47,696
	7,249,751		7,249,751

(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: _____, 20___.

_____

In the presence of:

_____