# FRANKFORT PUBLIC SERVICE DISTRICT

## SEWER REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA SRF PROGRAM); AND SEWER REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA INFRASTRUCTURE FUND)

## BOND RESOLUTION

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**FRANKFORT PUBLIC SERVICE DISTRICT**

RESOLUTION AUTHORIZING THE PAYMENT OF THE SERIES 2012 A BONDS, AUTHORIZING 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 $17,350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA SRF PROGRAM), AND $7,911,125 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2015 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 A BOND PURCHASE AGREEMENT AND 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, 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 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 over 37 miles of new and replacement 6, 8, 10, and 12-inch gravity

sewer lines, over two miles of 2-inch through 6-inch sewage force mains, seven sewage pump stations, 95 stream crossings, and sewer system rehabilitation, including line repair, manhole repair and lateral replacement in the community of Fort Ashby; (ii) a wastewater treatment plant expansion consisting of installation and construction of two additional SBRs, a third aerobic digester, additional filtration and UV disinfection treatment capacity, additional chemical feed pumps, and other minor modifications necessary for expanding the treatment capacity from the original ADF of 0.6 MGD to 1.2 MGD, together with all necessary appurtenances (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 Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated December 18, 2012, issued in the original aggregate principal amount of $800,000 (the "Series 2012 A Bonds").

D. It is deemed necessary and desirable for the Issuer to pay the Series 2012 A Bonds.

E. The Issuer intends to pay the Series 2012 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"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), on behalf of the West Virginia Department of Environmental Protection (the "DEP") all pursuant to the Act.

F. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of $25,261,125, in two series (collectively, the "Series 2015 Bonds"), being the: (1) Sewer Revenue Bonds, Series 2015 A (West Virginia SRF Program), in the aggregate principal amount of $17,350,000 (the "Series 2015 A Bonds"); and (2) Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), in the aggregate principal amount of $7,911,125 (the "Series 2015 B Bonds"), to (i) pay the Series 2012 A Bonds; (ii) permanently finance a portion of the costs of acquisition and construction of the Project; and (iii) pay costs of issuance and related costs. 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 2015 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 2015 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 2015 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

H. It is in the best interests of the Issuer that its Series 2015 A Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), in form satisfactory to the Issuer, the Authority and the DEP, approved hereby if not previously approved by resolution of the Issuer.

It is in the best interests of the Issuer that its Series 2015 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 Council, (the "Loan Agreement") in the form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

I. Upon payment of the Series 2012 A Bonds, 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"); 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").

The Series 2015 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 met the coverage and parity requirements for issuance of parity bonds of the Prior Bonds and the resolutions authorizing the Prior Bonds and has substantially complied with all other parity requirements. The Issuer will (i) obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and the (ii) written consent of the Holders of the Prior Bonds to the issuance of the Series 2015 Bonds on a parity with the Prior 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 Prior Resolutions.

J. 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 2015 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

K. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement and Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2015 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 2015 Bonds or such final order will not be subject to appeal or rehearing.

L. 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 2015 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 2015 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 2015 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP and 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 Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2015 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.

"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 2015 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 2015 Bonds for all or a portion of the proceeds of the Series 2015 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 1.02F 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 Department of Environmental Protection or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

"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.

"Grant" means, collectively, all grant monies received by the Issuer 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 2015 B 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 2015 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2015 Bonds Reserve Accounts.

"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, 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 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 2015 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 2000 A Bonds, Series 2000 B Bonds, and Series 2010 A 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 2015 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2015 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 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), dated December 18, 2012, issued in the original aggregate principal amount of $800,000.

"Series 2012 A Bonds Resolution" means the resolution of the Issuer authorizing the Series 2012 A Bonds.

"Series 2015 A Bonds" means the Sewer Revenue Bonds, Series 2015 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2015 A Bonds Reserve Account" means the Series 2015 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2015 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 2015 A Bonds in the then current year or any succeeding year.

"Series 2015 A Bonds Sinking Fund" means the Series 2015 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2015 B Bonds" means the Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2015 B Bonds Reserve Account" means the Series 2015 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2015 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 2015 B Bonds in the then current year or any succeeding year.

"Series 2015 B Bonds Sinking Fund" means the Series 2015 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2015 Bonds" means, collectively, the Series 2015 A Bonds and the Series 2015 B Bonds.

"Series 2015 Bonds Construction Trust Fund" means the Series 2015 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2015 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2015 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 2015 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2015 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 2015 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, betterments, 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.

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 2012 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, including the payment of the Series 2012 A Bonds, at an estimated cost of $26,950,046, 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 2015 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, the Council and the DEP.

The Cost of the Project is estimated to be $26,950,046, of which approximately $17,350,000 will be obtained from proceeds of the Series 2015 A Bonds; approximately $7,911,125 will be obtained from the Series 2015 B Bonds; approximately $1,188,921 will be obtained from a Council grant; and $500,000 will be obtained from a County grant.

Section 2.02. Authorization of Payment of Series 2012 A Bonds. The Series 2012 A Bonds Outstanding as of the date of issuance of the Series 2015 Bonds are hereby ordered to be paid in full, and the pledge of assets, if any, in favor of the Holders of the Series 2012 A Bonds, and the monies in the funds and accounts created by the Series 2012 A Bonds pledged to payment of the Series 2012 A Bonds, if any, and any other funds pledged to pay the Series 2012 A Bonds, if any, are hereby ordered terminated, discharged and released upon the payment to the Holder of the Series 2012 A Bonds from the proceeds of the Series 2015 Bonds and from other monies available therefor, of the following: an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Series 2012 A Bonds and an amount which will provide for the payment of the entire Outstanding principal of and all accrued interest on the Series 2012 A Bonds, plus the premium, if any, on the Closing Date.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2015 Bonds, funding the Series 2015 Bonds Reserve Accounts, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2015 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 2015 Bonds of the Issuer. The Series 2015 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2015 A (West Virginia SRF Program)," in the principal amount of $17,350,000, and "Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund)" in the principal amount of $7,911,125, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2015 Bonds remaining after funding of the Series 2015 Bonds Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2015 Bonds, if any, shall be deposited in or credited to the Series 2015 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2015 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 Bond Purchase Agreement. The Series 2015 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 2015 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 2015 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 2015 A Bonds. The Series 2015 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.

B. The Series 2015 B 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 2015 B 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 2015 B 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 2015 B 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 2015 B Bonds. The Series 2015 B 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 such denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as specified in the Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2015 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 2015 Bonds shall cease to be such officer of the Issuer before the Series 2015 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 2015 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 2015 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds or transferring the registered Series 2015 Bonds are exercised, all Series 2015 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2015 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2015 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 2015 Bonds or, in the case of any proposed redemption of Series 2015 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 2015 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 2015 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 2015 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2015 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 2015 A Bonds and Series 2015 B Bonds

shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on 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 2015 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 2015 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2015 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 2015 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 2015 Bonds to the original purchasers;

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

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

E. The unqualified approving opinions of bond counsel on the Series 2015 Bonds.

Section 3.10. Form of Bonds. The text of each series of the Series 2015 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 2015 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2015 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2015, that FRANKFORT PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the 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. The SRF Administrative Fee of 0.50% (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, 20___, 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 Department 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 _____, 2015.

This Bond is issued (i) to pay the Series 2012 A Bonds; (ii) 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"); and (iii) to pay certain costs of issuance of the Bonds (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 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 _____, 2015,

and a Supplemental Resolution duly adopted by the Issuer on _____, 2015 (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 2015 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2015, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2015 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 2015 B Bonds and the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2015 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 2015 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 Series 2015 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2015 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 Series 2015 B Bonds and 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 United Bank, Inc., 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.

[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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2015 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: _____, 2015.

UNITED BANK, INC.,
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:

_____

(FORM OF SERIES 2015 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2015 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2015, 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 with interest of 1.0% per annum payable quarterly 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.

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 United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 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 _____, 2015.

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

improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 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 _____, 2015, and a Supplemental Resolution duly adopted by the Issuer on _____, 2015 (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 2015 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 2015, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2015 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 Prior Bonds and the Series 2015 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2015 B Bonds (the "Series 2015 B Bonds Reserve Account"), and unexpended proceeds of the Series 2015 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 2015 B Bonds Reserve Account and unexpended proceeds of the Series 2015 B 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 Series 2015 B Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2015 B Bonds including the Prior Bonds and the Series 2015 A Bonds; provided

however, that, so long as there exists in the Series 2015 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 Series 2015 B 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 and subordinate to the Series 2015 B Bonds, including the Series 2015 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 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 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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2015 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: _____, 2015.

UNITED BANK, INC.,
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 $_____

(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 Bond Purchase Agreement and Loan Agreement. A. The Series 2015 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Bond Purchase Agreement, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, is hereby approved.

B. The Series 2015 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the respective Loan Agreement, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved.

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

## ARTICLE IV

## [RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) 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); and

(4) Series 2015 Bonds Construction Trust Fund.

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

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

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

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

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

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

(7) Series 2015 A Bonds Sinking Fund;

(8) Series 2015 A Bonds Reserve Account;

(9) Series 2015 B Bonds Sinking Fund; and

(10) Series 2015 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 Revenue Fund all Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission commencing 4 months prior to the first date of payment of interest of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2015 B 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 2015 B 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 to the Commission (i) the amount required by the Prior Resolutions to pay the principal of the Series 2000 A Bonds, Series 2000 B Bonds and Series 2010 A Bonds; (ii) commencing 4 months prior to the first date of payment of principal of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2015 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 2015 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; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2015 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 2015 B 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 to the Commission (i) the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) commencing 4 months prior to the first date of payment of principal of the Series 2015 A Bonds, if not fully funded upon issuance of the Series 2015 A Bonds, for deposit in the Series 2015 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 A Bonds Reserve Requirement, until the amount in the Series 2015 A Bonds Reserve Account equals the Series 2015 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2015 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 2015 A Bonds Reserve Requirement; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2015 B Bonds, if not fully funded upon issuance of the Series 2015 B Bonds, for deposit in the Series 2015 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2015 B Bonds Reserve Requirement, until the amount in the Series 2015

B Bonds Reserve Account equals the Series 2015 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2015 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 2015 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2.5% 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 2015 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2015 A Bonds, as the same shall become due. Monies in the Series 2015 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2015 A Bonds, as the same shall come due, when other monies in the Series 2015 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Monies in the Series 2015 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2015 B Bonds, as the same shall become due. Monies in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2015 B Bonds, as the same shall come due, when other monies in the Series 2015 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2015 A Bonds Sinking Fund and the Series 2015 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 2015 Bonds 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 2015 A Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

All investment earnings on monies in the Series 2015 B Bonds Sinking Fund and the Series 2015 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 Series 2015 Bonds 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 2015 B Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2015 A Bonds Reserve Account which result in a reduction in the balance therein to below the 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.

Any withdrawals from the Series 2015 B Bonds Reserve Account which result in a reduction in the balance therein to below the 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 2015 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 2015 A Bonds Sinking Fund or the Series 2015 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2015 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 2015 B Bonds Sinking Fund or the Series 2015 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2015 B 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 2015 A Bonds Sinking Fund, the Series 2015 A Bonds Reserve Account, the Series 2015 B Bonds Sinking Fund and the Series 2015 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. 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 2015 A Bonds Sinking Fund and the Series 2015 A Bonds Reserve Account, shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Monies in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account, shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2015 A Bonds Sinking Fund and the Series 2015 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2015 A Bonds, under the conditions and restrictions set forth herein.

The Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2015 B 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 2015 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. 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 Bond Purchase Agreement for the Series 2015 A Bonds.

C. 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.

D. 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.

E. 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.

F. 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.

G. 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 2015 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2015 A Bonds, there shall first be deposited with the Commission in the Series 2015 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 2015 A Bonds for the period commencing on the date of issuance of the Series 2015 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 2015 A Bonds, there shall be deposited with the Commission in the Series 2015 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2015 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 2015 A Bonds, there shall be deposited with Commission an amount sufficient to pay in full the outstanding principal of, and interest on, for the Series 2012 A Bonds on the Closing Date.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2015 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2015 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 2015 A Bonds.

E. From the proceeds of the Series 2015 B Bonds, there shall first be deposited with the Commission in the Series 2015 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 2015 B Bonds for the period commencing on the date of issuance of the Series 2015 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

F. Next, from the proceeds of the Series 2015 B Bonds, there shall be deposited with the Commission in the Series 2015 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2015 B Bonds Reserve Account.

G. As the Issuer receives advances of the monies derived from the sale of the Series 2015 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2015 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 2015 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 2015 A Bonds shall be applied as directed by the DEP and the Series 2015 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 Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2015 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2015 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2015 A Bonds shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule.

B. For proceeds of the Series 2015 B Bonds 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 for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2015 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2015 B Bonds 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.

Pending such application, monies in the Series 2015 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2015 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 2015 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2015 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.

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 2015 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the 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 2015 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 Bond Purchase Agreement and 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 Recommended Decision of the Public Service Commission of West Virginia (the "PSC") dated July 29, 2014 which became the Final Order on August 18, 2014 and Commission Order dated January 6, 2015 in Case No. 13-1517-PSD-PC-CN and such rates are hereby adopted.

So long as the Series 2015 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement and the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2015 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Bond Purchase Agreement, 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, the Bond Purchase Agreement and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2015 Bonds and the Prior 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 2015 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2015 Bonds. Any balance remaining after the payment of the Series 2015 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 that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds 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 2015 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2015 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 2015

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 2015 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 2015 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, 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 Resolutions 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 2015 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority 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 2015 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 Prior Bonds or Series 2015 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 2015 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 2015 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 DEP, the Council and 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 DEP, the Council and the Authority 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 Council and 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 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 2015 Bonds, and shall mail in each year to any Holder or Holders of the Series 2015 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 2015 Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 2015 Bonds. Such audit report submitted to the DEP, the Council and the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement, 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 Bond Purchase Agreement, 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 Council and the Authority, 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 DEP, the Council and 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 DEP, the Council and the Authority with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2015 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 2015 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2015 Bonds, 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 2015 Bonds Reserve Accounts, and the reserve accounts for obligations on a parity with or junior to the Series 2015 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 2015 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2015 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 DEP, the Council and the Authority within 45 days of adoption thereof.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement and Loan Agreement, and forward a copy of such report to the DEP, the Council and the Authority by the 20th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement and 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, the Council and the

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

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

The Issuer shall require the Consulting Engineers to submit Recipient Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement for the Series 2015 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 Bond Purchase Agreement and the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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 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 Bond Purchase Agreement and 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) WORKERS' 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 workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the Council and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase Agreement and Loan Agreement so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods

approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State 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 2015 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 2015 Bonds and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and 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 Council, the Authority 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 in the manner prescribed by the guidelines established by 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 2015 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 2015 Bonds held in "contingency" as set forth in the schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2015 Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

## INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 2015 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2015 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 2015 Bonds as a condition to issuance of the Series 2015 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 2015 Bonds as may be necessary in order to maintain the status of the Series 2015 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 2015 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 2015 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.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2015 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 2015 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2015 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 2015 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2015 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; 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2015 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 2015 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2015 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 2015 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 2015 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 2015 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.

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

Adopted this 8th day of January, 2015.

FRANKFORT PUBLIC SERVICE DISTRICT

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 January, 2015.

Dated: January 16, 2015.

[SEAL]

Secretary

306370.00006

FRANKFORT PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2015 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2015 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 2015 A (WEST VIRGINIA SRF PROGRAM); AND SEWER REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRANKFORT PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT AND 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 January 8, 2015 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE SERIES 2012 A BONDS, AUTHORIZING 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 $17,350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA SRF PROGRAM), AND $7,911,125 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2015 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 A BOND PURCHASE AGREEMENT AND 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 2015 A (West Virginia SRF Program); and Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2015 A Bonds" and the "Series 2015 B Bonds"), in the respective aggregate principal amounts not to exceed $17,350,000 and $7,911,125, and has authorized the execution and delivery of the Bond Purchase Agreement relating to the Series 2015 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), and the execution and delivery of the Loan Agreement relating to the Series 2015 B Bonds, between the Issuer and the Authority on behalf of the West Virginia Infrastructure & Jobs Development Council (the "Council"), (the "Loan Agreement") 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 Bond Purchase Agreement and 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 Bond Purchase Agreement and Loan Agreement have been presented to the Issuer at this meeting;

WHEREAS, the Series 2015 A Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement and the Series 2015 B 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 Bond Purchase Agreement and 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 2015 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $17,350,000. The Series 2015 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2054 and shall bear no interest. The principal of the Series 2015 A Bonds shall be payable quarterly, on

March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2017, to and including December 1, 2054, 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 2015 A Bonds. The Series 2015 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 2015 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.50% of the principal amount of the Series 2015 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

B. Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $7,911,125. The Series 2015 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2054 and shall bear interest at the rate of 1.0% per annum. The principal of and interest on the Series 2015 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2017, to and including December 1, 2054, 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 2015 B Bonds. The Series 2015 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 2015 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 Bond Purchase Agreement and the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery of the Bond Purchase Agreement and 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 Bond Purchase Agreement and Loan Agreement and in the applications to the DEP, 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 United Bank, Inc., Charleston, West Virginia, to serve as 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 2015 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2015 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2015 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2015 A Bonds Reserve Account to fund the Series 2015 A Bonds Reserve Account.

Section 9. Series 2015 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2015 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2015 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2015 B Bonds Reserve Account to fund the Series 2015 B Bonds Reserve Account.

Section 11. Series 2015 A Bonds proceeds in the amount of $794,772 shall be transferred to the Commission for deposit in the Series 2012 A Bonds Sinking Fund to pay the outstanding principal balance of and all accrued interest on the Issuer's Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated December 18, 2012, issued in the original principal amount of $800,000 (the "Series 2012 A Bonds").

Section 12. The balance of the proceeds of the Series 2015 A Bonds and the Series 2015 B Bonds shall be deposited in or credited to the Series 2015 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2015 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 January 16, 2015, to the Authority pursuant to the Bond Purchase Agreement and the Loan Agreement.

Section 14. The payment of the Series 2012 A Bonds, 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.

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Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of January, 2015.

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 January, 2015.

Dated: January 16, 2015.

[SEAL]

Secretary

306370.00006

SRF-BPA-1
(09/14)

# BOND PURCHASE AGREEMENT

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

FRANKFORT PUBLIC SERVICE DISTRICT
(2013S-1435/C-544411-02)
(Local Government)

W I T N E S S E T H:

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

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

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

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for

the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto, who was selected pursuant to Article 1, Chapter 5G of the Code of West Virginia of 1931, as amended.

1.3 "Decentralized System" means wastewater treatment systems that treat wastewater, then reusing and/or dispersing the reclaimed water, as close to where it is generated as practical in each circumstance. A Decentralized System may include: on-site systems contained entirely within the simple boundaries of the lot it serves; small-scale collective systems, with their reuse/dispersal sites on easements on the lots served, on vacant lots purchased for this purpose, on off-site properties, or a combination of these; larger scale collective systems utilizing dispersed or aggregated reuse/dispersal sites or discharging to surface water.

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

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

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

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

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

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

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

## ARTICLE II

## The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all

times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Bond Purchase Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20th of each month to the DEP and the Authority.

2.13 The Local Government shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia (the "PSC").

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

## ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes

or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing."

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit

requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

3.7 The Local Government shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014, and related SRF Policy Guidelines issued by the EPA) which the Local Government understands includes, among other things, requirements that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Local Government has requested and obtained a waiver from the EPA pertaining to the Project or (ii) DEP has otherwise advised the Local Government in writing that the American Iron and Steel Requirement is not applicable to the Project.

3.8 The Local Government shall comply with all record keeping and reporting requirements under the Clean Water Act, including any reports required by a Federal agency or DEP such as performance indicators of program deliverables, information on costs and Project progress. The Local Government understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

## ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

(xii) That the Local Government shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of

the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof;

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

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

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

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

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

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

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

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

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

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

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

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

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

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share

of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

Other Agreements of the
Local Government

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

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project.

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the System, payable

from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

## ARTICLE VII

## Miscellaneous

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

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

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

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

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

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

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

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

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

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

FRANKFORT PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: January 16, 2015

Attest:

_____
Its: Secretary

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: _____
Its: Director
Date: January 16, 2015

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: January 16, 2015

Attest:

_____
Its: Authorized Officer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
**Name of Person Completing Form**

_____
**Address**

_____
**Telephone**

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

**The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.**

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the

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

Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Funding Assistance Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xi) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

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

_____

By _____
West Virginia License No. __

[SEAL]

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan/fiscal sustainability plan that complied with Section 603(d)(1)(E) of the Clean Water Act to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

C. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

D. CLOSING REQUIREMENTS – The Closing is contingent on the DEP's receipt of the Final Title Opinion and the PSC Approval of Reopening of Case.

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (CWSRF Base Program)

| | |
|---|---|
| Principal Amount of Local Bonds | $17,350,000 |
| Purchase Price of Local Bonds | $17,350,000 |

The Local Bonds shall bear no interest. Commencing March 1, 2017, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of Proposed New Customers to Be Served: 800
Location: Turner Run, Route 28 North and Knobley Road areas of Mineral County

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

(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 2015 B (West Virginia Infrastructure Fund), issued in the amount of $7,911,125, and issued simultaneous with the Series 2015 A Bonds.

# SCHEDULE Y
## DEBT SERVICE SCHEDULE

Net Debt Service
Frankfort PSD
CWSRF
$17,350,000
0% Interest Rate
0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 3/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |

Dec 23, 2014 3:33 pm Prepared by Piper Jaffray & Co. (WDA:LOANS-FRANK114) 6

Net Debt Service
Frankfort PSD
CWSRF
$17,350,000
0% Interest Rate
0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 12/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |

Net Debt Service

Frankfort PSD

CWSRF

$17,350,000

0% Interest Rate

0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 9/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2044 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2044 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2044 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2044 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |

Net Debt Service

Frankfort PSD

CWSRF

$17,350,000

0% Interest Rate

0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 6/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2054 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2054 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2054 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2054 | 114,145 | - | 114,145 | 10,915.45 | 125,060.45 |
| | 17,350,000 | - | 17,350,000 | 1,659,091.02 | 19,009,091.02 |

The quarterly admin fee is calculated based upon 0.5% of bond payments and will be 10,915.07, with a final payment of 10,915.45, to total 1,659,091.02.

IC-1
(07/13)

# LOAN AGREEMENT

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

FRANKFORT PUBLIC SERVICE DISTRICT
(2013S-1435)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as

further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the

Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at

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

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

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

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

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

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

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date

designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

## ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased

or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that 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 and the Council within 30 days of adoption thereof;

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

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

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

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

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

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

Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action 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 State's general obligation bonds or any bonds secured by the Local Bonds;

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

## ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council 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 and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

FRANKFORT PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: January 16, 2015

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: January 16, 2015

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made

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

required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Funding Assistance Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xi) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

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"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, ____, and ending _____, 1, ____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

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

A. Series B Bonds

| | |
|---|---|
| Principal Amount of Local Bonds | $7,911,125 |
| Purchase Price of Local Bonds | $7,911,125 |

The Local Bonds shall bear interest at a rate of 1.00% per annum. Commencing March 1, 2017, principal of and interest on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall 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 interests and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

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

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

(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 2015 A (West Virginia SRF Program), issued in the amount of $17,350,00, and issued simultaneous with the Series 2015 B Bonds.

Number of New Users: 800
Location: Turner Run, Route 28 North and Knobley Road areas of Mineral County

# SCHEDULE Y
## DEBT SERVICE SCHEDULE

Detailed Bond Debt Service
Frankfort PSD
IF
$7,911,125
1% Interest Rate
40 Years from Closing Date

| | |
|---|---|
| Dated Date | 1/16/2015 |
| Delivery Date | 1/16/2015 |

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 3/1/2017 | 3,967 | 1.000% | 11,902.70 | 15,869.70 |
| 6/1/2017 | 3,973 | 1.000% | 11,896.73 | 15,869.73 |
| 9/1/2017 | 3,979 | 1.000% | 11,890.75 | 15,869.75 |
| 12/1/2017 | 43,818 | 1.000% | 19,748.02 | 63,566.02 |
| 3/1/2018 | 43,927 | 1.000% | 19,638.47 | 63,565.47 |
| 6/1/2018 | 44,037 | 1.000% | 19,528.65 | 63,565.65 |
| 9/1/2018 | 44,147 | 1.000% | 19,418.56 | 63,565.56 |
| 12/1/2018 | 44,258 | 1.000% | 19,308.19 | 63,566.19 |
| 3/1/2019 | 44,368 | 1.000% | 19,197.55 | 63,565.55 |
| 6/1/2019 | 44,479 | 1.000% | 19,086.63 | 63,565.63 |
| 9/1/2019 | 44,590 | 1.000% | 18,975.43 | 63,565.43 |
| 12/1/2019 | 44,702 | 1.000% | 18,863.96 | 63,565.96 |
| 3/1/2020 | 44,814 | 1.000% | 18,752.20 | 63,566.20 |
| 6/1/2020 | 44,926 | 1.000% | 18,640.17 | 63,566.17 |
| 9/1/2020 | 45,038 | 1.000% | 18,527.85 | 63,565.85 |
| 12/1/2020 | 45,151 | 1.000% | 18,415.26 | 63,566.26 |
| 3/1/2021 | 45,264 | 1.000% | 18,302.38 | 63,566.38 |
| 6/1/2021 | 45,377 | 1.000% | 18,189.22 | 63,566.22 |
| 9/1/2021 | 45,490 | 1.000% | 18,075.78 | 63,565.78 |
| 12/1/2021 | 45,604 | 1.000% | 17,962.05 | 63,566.05 |
| 3/1/2022 | 45,718 | 1.000% | 17,848.04 | 63,566.04 |
| 6/1/2022 | 45,832 | 1.000% | 17,733.75 | 63,565.75 |
| 9/1/2022 | 45,947 | 1.000% | 17,619.17 | 63,566.17 |
| 12/1/2022 | 46,062 | 1.000% | 17,504.30 | 63,566.30 |
| 3/1/2023 | 46,177 | 1.000% | 17,389.14 | 63,566.14 |
| 6/1/2023 | 46,292 | 1.000% | 17,273.70 | 63,565.70 |
| 9/1/2023 | 46,408 | 1.000% | 17,157.97 | 63,565.97 |
| 12/1/2023 | 46,524 | 1.000% | 17,041.95 | 63,565.95 |
| 3/1/2024 | 46,640 | 1.000% | 16,925.64 | 63,565.64 |
| 6/1/2024 | 46,757 | 1.000% | 16,809.04 | 63,566.04 |
| 9/1/2024 | 46,874 | 1.000% | 16,692.15 | 63,566.15 |
| 12/1/2024 | 46,991 | 1.000% | 16,574.96 | 63,565.96 |
| 3/1/2025 | 47,108 | 1.000% | 16,457.49 | 63,565.49 |
| 6/1/2025 | 47,226 | 1.000% | 16,339.72 | 63,565.72 |
| 9/1/2025 | 47,344 | 1.000% | 16,221.65 | 63,565.65 |
| 12/1/2025 | 47,463 | 1.000% | 16,103.29 | 63,566.29 |
| 3/1/2026 | 47,581 | 1.000% | 15,984.63 | 63,565.63 |
| 6/1/2026 | 47,700 | 1.000% | 15,865.68 | 63,565.68 |
| 9/1/2026 | 47,819 | 1.000% | 15,746.43 | 63,565.43 |
| 12/1/2026 | 47,939 | 1.000% | 15,626.88 | 63,565.88 |
| 3/1/2027 | 48,059 | 1.000% | 15,507.04 | 63,566.04 |
| 6/1/2027 | 48,179 | 1.000% | 15,386.89 | 63,565.89 |

Dec 26, 2014 10:45 am Prepared by Piper Jaffray & Co. (WDA:LOANS-FRANK214) 2

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 9/1/2027 | 48,299 | 1.000% | 15,266.44 | 63,565.44 |
| 12/1/2027 | 48,420 | 1.000% | 15,145.69 | 63,565.69 |
| 3/1/2028 | 48,541 | 1.000% | 15,024.64 | 63,565.64 |
| 6/1/2028 | 48,663 | 1.000% | 14,903.29 | 63,566.29 |
| 9/1/2028 | 48,784 | 1.000% | 14,781.63 | 63,565.63 |
| 12/1/2028 | 48,906 | 1.000% | 14,659.67 | 63,565.67 |
| 3/1/2029 | 49,028 | 1.000% | 14,537.41 | 63,565.41 |
| 6/1/2029 | 49,151 | 1.000% | 14,414.84 | 63,565.84 |
| 9/1/2029 | 49,274 | 1.000% | 14,291.96 | 63,565.96 |
| 12/1/2029 | 49,397 | 1.000% | 14,168.78 | 63,565.78 |
| 3/1/2030 | 49,521 | 1.000% | 14,045.28 | 63,566.28 |
| 6/1/2030 | 49,644 | 1.000% | 13,921.48 | 63,565.48 |
| 9/1/2030 | 49,769 | 1.000% | 13,797.37 | 63,566.37 |
| 12/1/2030 | 49,893 | 1.000% | 13,672.95 | 63,565.95 |
| 3/1/2031 | 50,018 | 1.000% | 13,548.22 | 63,566.22 |
| 6/1/2031 | 50,143 | 1.000% | 13,423.17 | 63,566.17 |
| 9/1/2031 | 50,268 | 1.000% | 13,297.81 | 63,565.81 |
| 12/1/2031 | 50,394 | 1.000% | 13,172.14 | 63,566.14 |
| 3/1/2032 | 50,520 | 1.000% | 13,046.16 | 63,566.16 |
| 6/1/2032 | 50,646 | 1.000% | 12,919.86 | 63,565.86 |
| 9/1/2032 | 50,773 | 1.000% | 12,793.24 | 63,566.24 |
| 12/1/2032 | 50,900 | 1.000% | 12,666.31 | 63,566.31 |
| 3/1/2033 | 51,027 | 1.000% | 12,539.06 | 63,566.06 |
| 6/1/2033 | 51,154 | 1.000% | 12,411.49 | 63,565.49 |
| 9/1/2033 | 51,282 | 1.000% | 12,283.61 | 63,565.61 |
| 12/1/2033 | 51,411 | 1.000% | 12,155.40 | 63,566.40 |
| 3/1/2034 | 51,539 | 1.000% | 12,026.88 | 63,565.88 |
| 6/1/2034 | 51,668 | 1.000% | 11,898.03 | 63,566.03 |
| 9/1/2034 | 51,797 | 1.000% | 11,768.86 | 63,565.86 |
| 12/1/2034 | 51,927 | 1.000% | 11,639.37 | 63,566.37 |
| 3/1/2035 | 52,056 | 1.000% | 11,509.55 | 63,565.55 |
| 6/1/2035 | 52,186 | 1.000% | 11,379.41 | 63,565.41 |
| 9/1/2035 | 52,317 | 1.000% | 11,248.94 | 63,565.94 |
| 12/1/2035 | 52,448 | 1.000% | 11,118.15 | 63,566.15 |
| 3/1/2036 | 52,579 | 1.000% | 10,987.03 | 63,566.03 |
| 6/1/2036 | 52,710 | 1.000% | 10,855.58 | 63,565.58 |
| 9/1/2036 | 52,842 | 1.000% | 10,723.81 | 63,565.81 |
| 12/1/2036 | 52,974 | 1.000% | 10,591.70 | 63,565.70 |
| 3/1/2037 | 53,107 | 1.000% | 10,459.27 | 63,566.27 |
| 6/1/2037 | 53,239 | 1.000% | 10,326.50 | 63,565.50 |
| 9/1/2037 | 53,373 | 1.000% | 10,193.40 | 63,566.40 |
| 12/1/2037 | 53,506 | 1.000% | 10,059.97 | 63,565.97 |
| 3/1/2038 | 53,640 | 1.000% | 9,926.21 | 63,566.21 |
| 6/1/2038 | 53,774 | 1.000% | 9,792.11 | 63,566.11 |
| 9/1/2038 | 53,908 | 1.000% | 9,657.67 | 63,565.67 |
| 12/1/2038 | 54,043 | 1.000% | 9,522.90 | 63,565.90 |
| 3/1/2039 | 54,178 | 1.000% | 9,387.79 | 63,565.79 |

Dec 26, 2014 10:45 am Prepared by Piper Jaffray & Co. (WDA:LOANS-FRANK214) 3

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 6/1/2039 | 54,314 | 1.000% | 9,252.35 | 63,566.35 |
| 9/1/2039 | 54,449 | 1.000% | 9,116.56 | 63,565.56 |
| 12/1/2039 | 54,585 | 1.000% | 8,980.44 | 63,565.44 |
| 3/1/2040 | 54,722 | 1.000% | 8,843.98 | 63,565.98 |
| 6/1/2040 | 54,859 | 1.000% | 8,707.17 | 63,566.17 |
| 9/1/2040 | 54,996 | 1.000% | 8,570.03 | 63,566.03 |
| 12/1/2040 | 55,133 | 1.000% | 8,432.54 | 63,565.54 |
| 3/1/2041 | 55,271 | 1.000% | 8,294.70 | 63,565.70 |
| 6/1/2041 | 55,409 | 1.000% | 8,156.53 | 63,565.53 |
| 9/1/2041 | 55,548 | 1.000% | 8,018.00 | 63,566.00 |
| 12/1/2041 | 55,687 | 1.000% | 7,879.13 | 63,566.13 |
| 3/1/2042 | 55,826 | 1.000% | 7,739.92 | 63,565.92 |
| 6/1/2042 | 55,966 | 1.000% | 7,600.35 | 63,566.35 |
| 9/1/2042 | 56,105 | 1.000% | 7,460.44 | 63,565.44 |
| 12/1/2042 | 56,246 | 1.000% | 7,320.17 | 63,566.17 |
| 3/1/2043 | 56,386 | 1.000% | 7,179.56 | 63,565.56 |
| 6/1/2043 | 56,527 | 1.000% | 7,038.59 | 63,565.59 |
| 9/1/2043 | 56,669 | 1.000% | 6,897.28 | 63,566.28 |
| 12/1/2043 | 56,810 | 1.000% | 6,755.60 | 63,565.60 |
| 3/1/2044 | 56,952 | 1.000% | 6,613.58 | 63,565.58 |
| 6/1/2044 | 57,095 | 1.000% | 6,471.20 | 63,566.20 |
| 9/1/2044 | 57,237 | 1.000% | 6,328.46 | 63,565.46 |
| 12/1/2044 | 57,381 | 1.000% | 6,185.37 | 63,566.37 |
| 3/1/2045 | 57,524 | 1.000% | 6,041.92 | 63,565.92 |
| 6/1/2045 | 57,668 | 1.000% | 5,898.11 | 63,566.11 |
| 9/1/2045 | 57,812 | 1.000% | 5,753.94 | 63,565.94 |
| 12/1/2045 | 57,956 | 1.000% | 5,609.41 | 63,565.41 |
| 3/1/2046 | 58,101 | 1.000% | 5,464.52 | 63,565.52 |
| 6/1/2046 | 58,247 | 1.000% | 5,319.26 | 63,566.26 |
| 9/1/2046 | 58,392 | 1.000% | 5,173.65 | 63,565.65 |
| 12/1/2046 | 58,538 | 1.000% | 5,027.67 | 63,565.67 |
| 3/1/2047 | 58,685 | 1.000% | 4,881.32 | 63,566.32 |
| 6/1/2047 | 58,831 | 1.000% | 4,734.61 | 63,565.61 |
| 9/1/2047 | 58,978 | 1.000% | 4,587.53 | 63,565.53 |
| 12/1/2047 | 59,126 | 1.000% | 4,440.09 | 63,566.09 |
| 3/1/2048 | 59,274 | 1.000% | 4,292.27 | 63,566.27 |
| 6/1/2048 | 59,422 | 1.000% | 4,144.09 | 63,566.09 |
| 9/1/2048 | 59,570 | 1.000% | 3,995.53 | 63,565.53 |
| 12/1/2048 | 59,719 | 1.000% | 3,846.61 | 63,565.61 |
| 3/1/2049 | 59,869 | 1.000% | 3,697.31 | 63,566.31 |
| 6/1/2049 | 60,018 | 1.000% | 3,547.64 | 63,565.64 |
| 9/1/2049 | 60,168 | 1.000% | 3,397.59 | 63,565.59 |
| 12/1/2049 | 60,319 | 1.000% | 3,247.17 | 63,566.17 |
| 3/1/2050 | 60,470 | 1.000% | 3,096.37 | 63,566.37 |
| 6/1/2050 | 60,621 | 1.000% | 2,945.20 | 63,566.20 |
| 9/1/2050 | 60,772 | 1.000% | 2,793.65 | 63,565.65 |
| 12/1/2050 | 60,924 | 1.000% | 2,641.72 | 63,565.72 |

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 3/1/2051 | 61,076 | 1.000% | 2,489.41 | 63,565.41 |
| 6/1/2051 | 61,229 | 1.000% | 2,336.72 | 63,565.72 |
| 9/1/2051 | 61,382 | 1.000% | 2,183.64 | 63,565.64 |
| 12/1/2051 | 61,536 | 1.000% | 2,030.19 | 63,566.19 |
| 3/1/2052 | 61,690 | 1.000% | 1,876.35 | 63,566.35 |
| 6/1/2052 | 61,844 | 1.000% | 1,722.12 | 63,566.12 |
| 9/1/2052 | 61,998 | 1.000% | 1,567.51 | 63,565.51 |
| 12/1/2052 | 62,153 | 1.000% | 1,412.52 | 63,565.52 |
| 3/1/2053 | 62,309 | 1.000% | 1,257.14 | 63,566.14 |
| 6/1/2053 | 62,465 | 1.000% | 1,101.36 | 63,566.36 |
| 9/1/2053 | 62,621 | 1.000% | 945.20 | 63,566.20 |
| 12/1/2053 | 62,777 | 1.000% | 788.65 | 63,565.65 |
| 3/1/2054 | 62,934 | 1.000% | 631.71 | 63,565.71 |
| 6/1/2054 | 63,092 | 1.000% | 474.37 | 63,566.37 |
| 9/1/2054 | 63,249 | 1.000% | 316.64 | 63,565.64 |
| 12/1/2054 | 63,407 | 1.000% | 158.52 | 63,565.52 |
| | 7,911,125 | | 1,607,802.27 | 9,518,927.27 |

Variable Interest Rate Table

| Begin Date | End Date | Interest Rate |
|---|---|---|
| 1/16/2015 | 12/1/2016 | - |
| 12/1/2016 | 9/1/2017 | 0.602% |
| 9/1/2017 | 12/1/2054 | 1.000% |

Notes:

Bonds bear interest based on $4,761,079 principal amount outstanding beginning 12/01/2016 through 09/01/2017.

Bonds bear interest based on $7,911,125 principal amount outstanding beginning 9/01/2017.

SCHEDULE Z

(None)

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2015 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $17,350,000

KNOW ALL MEN BY THESE PRESENTS: The 16th day of January, 2015, that FRANKFORT PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SEVENTEEN MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS ($17,350,000), 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 March 1, 2017 to and including December 1, 2054, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.50% (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 March 1, 2017, 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 Department 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 January 16, 2015.

This Bond is issued (i) to pay the Series 2012 A Bonds; (ii) 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"); and (iii) to pay certain costs of issuance of the Bonds (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 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 January 8, 2015, and a Supplemental Resolution duly adopted by the Issuer on January 8, 2015 (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 2015 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 16, 2015, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $7,911,125 (THE "SERIES 2015 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 2015 B Bonds and the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2015 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 2015 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 Series 2015 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2015 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 Series 2015 B Bonds and 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 United Bank, Inc., 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.

[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 the day and year first written above.

[SEAL]

Chairman

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2015 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: Januarty 16, 2015.

UNITED BANK, INC.,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $1,335,542 | January 16, 2015 | (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

Net Debt Service
Frankfort PSD
CWSRF
$17,350,000
0% Interest Rate
0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 3/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2017 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2018 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2019 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2020 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2021 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2022 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2023 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2024 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2025 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2026 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2027 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |

Net Debt Service
Frankfort PSD
CWSRF
$17,350,000
0% Interest Rate
0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 12/1/2028 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2029 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2030 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2031 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2032 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2033 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2034 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2035 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2036 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2037 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2038 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2039 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |

Net Debt Service
Frankfort PSD
CWSRF
$17,350,000
0% Interest Rate
0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 9/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2040 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2041 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2042 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2043 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 3/1/2044 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 6/1/2044 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 9/1/2044 | 114,145 | - | 114,145 | 10,915.07 | 125,060.07 |
| 12/1/2044 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2045 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2046 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2047 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2048 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2049 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2050 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2051 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |

Net Debt Service

Frankfort PSD

CWSRF

$17,350,000

0% Interest Rate

0.5% Administrative Fee

| Date | Principal | Interest | Total Debt Service | Admin Fee | Net Debt Service |
|---|---|---|---|---|---|
| 6/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2052 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2053 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 3/1/2054 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 6/1/2054 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 9/1/2054 | 114,144 | - | 114,144 | 10,915.07 | 125,059.07 |
| 12/1/2054 | 114,145 | - | 114,145 | 10,915.45 | 125,060.45 |
| | 17,350,000 | - | 17,350,000 | 1,659,091.02 | 19,009,091.02 |

The quarterly admin fee is calculated based upon 0.5% of bond payments and will be 10,915.07, with a final payment of 10,915.45, to total 1,659,091.02.

(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:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRANKFORT PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2015 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $7,911,125

KNOW ALL MEN BY THESE PRESENTS: That on the 16th day of January, 2015, 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 NINEHUNDRED ELEVEN THOUSAND ONE HUNDRED TWENTY FIVE DOLLARS ($7,911,125), 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 March 1, 2017, to and including December 1, 2054, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest of 1.0% per annum payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2017, to and including December 1, 2054, 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 United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 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 January 16, 2015.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly

Chapter 16, Article 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 January 8, 2015, and a Supplemental Resolution duly adopted by the Issuer on January 8, 2015 (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 2015 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 16, 2015, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $17,350,000 (THE "SERIES 2015 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 Prior Bonds and the Series 2015 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2015 B Bonds (the "Series 2015 B Bonds Reserve Account"), and unexpended proceeds of the Series 2015 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 2015 B Bonds Reserve Account and unexpended proceeds of the Series 2015 B 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 Series 2015 B Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2015 B Bonds including the Prior Bonds and the Series 2015 A Bonds; provided however, that, so long as there exists in the Series 2015 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 Series 2015 B 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 and subordinate to the Series 2015 B Bonds, including the Series 2015 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 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 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 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 2015 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: January 16, 2015.

UNITED BANK, INC.,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---|---|---|---|
| (1) $316,406 | January 16, 2015 | (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

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

| | |
|---|---|
| Dated Date | 1/16/2015 |
| Delivery Date | 1/16/2015 |

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 3/1/2017 | 3,967 | 1.000% | 11,902.70 | 15,869.70 |
| 6/1/2017 | 3,973 | 1.000% | 11,896.73 | 15,869.73 |
| 9/1/2017 | 3,979 | 1.000% | 11,890.75 | 15,869.75 |
| 12/1/2017 | 43,818 | 1.000% | 19,748.02 | 63,566.02 |
| 3/1/2018 | 43,927 | 1.000% | 19,638.47 | 63,565.47 |
| 6/1/2018 | 44,037 | 1.000% | 19,528.65 | 63,565.65 |
| 9/1/2018 | 44,147 | 1.000% | 19,418.56 | 63,565.56 |
| 12/1/2018 | 44,258 | 1.000% | 19,308.19 | 63,566.19 |
| 3/1/2019 | 44,368 | 1.000% | 19,197.55 | 63,565.55 |
| 6/1/2019 | 44,479 | 1.000% | 19,086.63 | 63,565.63 |
| 9/1/2019 | 44,590 | 1.000% | 18,975.43 | 63,565.43 |
| 12/1/2019 | 44,702 | 1.000% | 18,863.96 | 63,565.96 |
| 3/1/2020 | 44,814 | 1.000% | 18,752.20 | 63,566.20 |
| 6/1/2020 | 44,926 | 1.000% | 18,640.17 | 63,566.17 |
| 9/1/2020 | 45,038 | 1.000% | 18,527.85 | 63,565.85 |
| 12/1/2020 | 45,151 | 1.000% | 18,415.26 | 63,566.26 |
| 3/1/2021 | 45,264 | 1.000% | 18,302.38 | 63,566.38 |
| 6/1/2021 | 45,377 | 1.000% | 18,189.22 | 63,566.22 |
| 9/1/2021 | 45,490 | 1.000% | 18,075.78 | 63,565.78 |
| 12/1/2021 | 45,604 | 1.000% | 17,962.05 | 63,566.05 |
| 3/1/2022 | 45,718 | 1.000% | 17,848.04 | 63,566.04 |
| 6/1/2022 | 45,832 | 1.000% | 17,733.75 | 63,565.75 |
| 9/1/2022 | 45,947 | 1.000% | 17,619.17 | 63,566.17 |
| 12/1/2022 | 46,062 | 1.000% | 17,504.30 | 63,566.30 |
| 3/1/2023 | 46,177 | 1.000% | 17,389.14 | 63,566.14 |
| 6/1/2023 | 46,292 | 1.000% | 17,273.70 | 63,565.70 |
| 9/1/2023 | 46,408 | 1.000% | 17,157.97 | 63,565.97 |
| 12/1/2023 | 46,524 | 1.000% | 17,041.95 | 63,565.95 |
| 3/1/2024 | 46,640 | 1.000% | 16,925.64 | 63,565.64 |
| 6/1/2024 | 46,757 | 1.000% | 16,809.04 | 63,566.04 |
| 9/1/2024 | 46,874 | 1.000% | 16,692.15 | 63,566.15 |
| 12/1/2024 | 46,991 | 1.000% | 16,574.96 | 63,565.96 |
| 3/1/2025 | 47,108 | 1.000% | 16,457.49 | 63,565.49 |
| 6/1/2025 | 47,226 | 1.000% | 16,339.72 | 63,565.72 |
| 9/1/2025 | 47,344 | 1.000% | 16,221.65 | 63,565.65 |
| 12/1/2025 | 47,463 | 1.000% | 16,103.29 | 63,566.29 |
| 3/1/2026 | 47,581 | 1.000% | 15,984.63 | 63,565.63 |
| 6/1/2026 | 47,700 | 1.000% | 15,865.68 | 63,565.68 |
| 9/1/2026 | 47,819 | 1.000% | 15,746.43 | 63,565.43 |
| 12/1/2026 | 47,939 | 1.000% | 15,626.88 | 63,565.88 |
| 3/1/2027 | 48,059 | 1.000% | 15,507.04 | 63,566.04 |
| 6/1/2027 | 48,179 | 1.000% | 15,386.89 | 63,565.89 |

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 9/1/2027 | 48,299 | 1.000% | 15,266.44 | 63,565.44 |
| 12/1/2027 | 48,420 | 1.000% | 15,145.69 | 63,565.69 |
| 3/1/2028 | 48,541 | 1.000% | 15,024.64 | 63,565.64 |
| 6/1/2028 | 48,663 | 1.000% | 14,903.29 | 63,566.29 |
| 9/1/2028 | 48,784 | 1.000% | 14,781.63 | 63,565.63 |
| 12/1/2028 | 48,906 | 1.000% | 14,659.67 | 63,565.67 |
| 3/1/2029 | 49,028 | 1.000% | 14,537.41 | 63,565.41 |
| 6/1/2029 | 49,151 | 1.000% | 14,414.84 | 63,565.84 |
| 9/1/2029 | 49,274 | 1.000% | 14,291.96 | 63,565.96 |
| 12/1/2029 | 49,397 | 1.000% | 14,168.78 | 63,565.78 |
| 3/1/2030 | 49,521 | 1.000% | 14,045.28 | 63,566.28 |
| 6/1/2030 | 49,644 | 1.000% | 13,921.48 | 63,565.48 |
| 9/1/2030 | 49,769 | 1.000% | 13,797.37 | 63,566.37 |
| 12/1/2030 | 49,893 | 1.000% | 13,672.95 | 63,565.95 |
| 3/1/2031 | 50,018 | 1.000% | 13,548.22 | 63,566.22 |
| 6/1/2031 | 50,143 | 1.000% | 13,423.17 | 63,566.17 |
| 9/1/2031 | 50,268 | 1.000% | 13,297.81 | 63,565.81 |
| 12/1/2031 | 50,394 | 1.000% | 13,172.14 | 63,566.14 |
| 3/1/2032 | 50,520 | 1.000% | 13,046.16 | 63,566.16 |
| 6/1/2032 | 50,646 | 1.000% | 12,919.86 | 63,565.86 |
| 9/1/2032 | 50,773 | 1.000% | 12,793.24 | 63,566.24 |
| 12/1/2032 | 50,900 | 1.000% | 12,666.31 | 63,566.31 |
| 3/1/2033 | 51,027 | 1.000% | 12,539.06 | 63,566.06 |
| 6/1/2033 | 51,154 | 1.000% | 12,411.49 | 63,565.49 |
| 9/1/2033 | 51,282 | 1.000% | 12,283.61 | 63,565.61 |
| 12/1/2033 | 51,411 | 1.000% | 12,155.40 | 63,566.40 |
| 3/1/2034 | 51,539 | 1.000% | 12,026.88 | 63,565.88 |
| 6/1/2034 | 51,668 | 1.000% | 11,898.03 | 63,566.03 |
| 9/1/2034 | 51,797 | 1.000% | 11,768.86 | 63,565.86 |
| 12/1/2034 | 51,927 | 1.000% | 11,639.37 | 63,566.37 |
| 3/1/2035 | 52,056 | 1.000% | 11,509.55 | 63,565.55 |
| 6/1/2035 | 52,186 | 1.000% | 11,379.41 | 63,565.41 |
| 9/1/2035 | 52,317 | 1.000% | 11,248.94 | 63,565.94 |
| 12/1/2035 | 52,448 | 1.000% | 11,118.15 | 63,566.15 |
| 3/1/2036 | 52,579 | 1.000% | 10,987.03 | 63,566.03 |
| 6/1/2036 | 52,710 | 1.000% | 10,855.58 | 63,565.58 |
| 9/1/2036 | 52,842 | 1.000% | 10,723.81 | 63,565.81 |
| 12/1/2036 | 52,974 | 1.000% | 10,591.70 | 63,565.70 |
| 3/1/2037 | 53,107 | 1.000% | 10,459.27 | 63,566.27 |
| 6/1/2037 | 53,239 | 1.000% | 10,326.50 | 63,565.50 |
| 9/1/2037 | 53,373 | 1.000% | 10,193.40 | 63,566.40 |
| 12/1/2037 | 53,506 | 1.000% | 10,059.97 | 63,565.97 |
| 3/1/2038 | 53,640 | 1.000% | 9,926.21 | 63,566.21 |
| 6/1/2038 | 53,774 | 1.000% | 9,792.11 | 63,566.11 |
| 9/1/2038 | 53,908 | 1.000% | 9,657.67 | 63,565.67 |
| 12/1/2038 | 54,043 | 1.000% | 9,522.90 | 63,565.90 |
| 3/1/2039 | 54,178 | 1.000% | 9,387.79 | 63,565.79 |

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 6/1/2039 | 54,314 | 1.000% | 9,252.35 | 63,566.35 |
| 9/1/2039 | 54,449 | 1.000% | 9,116.56 | 63,565.56 |
| 12/1/2039 | 54,585 | 1.000% | 8,980.44 | 63,565.44 |
| 3/1/2040 | 54,722 | 1.000% | 8,843.98 | 63,565.98 |
| 6/1/2040 | 54,859 | 1.000% | 8,707.17 | 63,566.17 |
| 9/1/2040 | 54,996 | 1.000% | 8,570.03 | 63,566.03 |
| 12/1/2040 | 55,133 | 1.000% | 8,432.54 | 63,565.54 |
| 3/1/2041 | 55,271 | 1.000% | 8,294.70 | 63,565.70 |
| 6/1/2041 | 55,409 | 1.000% | 8,156.53 | 63,565.53 |
| 9/1/2041 | 55,548 | 1.000% | 8,018.00 | 63,566.00 |
| 12/1/2041 | 55,687 | 1.000% | 7,879.13 | 63,566.13 |
| 3/1/2042 | 55,826 | 1.000% | 7,739.92 | 63,565.92 |
| 6/1/2042 | 55,966 | 1.000% | 7,600.35 | 63,566.35 |
| 9/1/2042 | 56,105 | 1.000% | 7,460.44 | 63,565.44 |
| 12/1/2042 | 56,246 | 1.000% | 7,320.17 | 63,566.17 |
| 3/1/2043 | 56,386 | 1.000% | 7,179.56 | 63,565.56 |
| 6/1/2043 | 56,527 | 1.000% | 7,038.59 | 63,565.59 |
| 9/1/2043 | 56,669 | 1.000% | 6,897.28 | 63,566.28 |
| 12/1/2043 | 56,810 | 1.000% | 6,755.60 | 63,565.60 |
| 3/1/2044 | 56,952 | 1.000% | 6,613.58 | 63,565.58 |
| 6/1/2044 | 57,095 | 1.000% | 6,471.20 | 63,566.20 |
| 9/1/2044 | 57,237 | 1.000% | 6,328.46 | 63,565.46 |
| 12/1/2044 | 57,381 | 1.000% | 6,185.37 | 63,566.37 |
| 3/1/2045 | 57,524 | 1.000% | 6,041.92 | 63,565.92 |
| 6/1/2045 | 57,668 | 1.000% | 5,898.11 | 63,566.11 |
| 9/1/2045 | 57,812 | 1.000% | 5,753.94 | 63,565.94 |
| 12/1/2045 | 57,956 | 1.000% | 5,609.41 | 63,565.41 |
| 3/1/2046 | 58,101 | 1.000% | 5,464.52 | 63,565.52 |
| 6/1/2046 | 58,247 | 1.000% | 5,319.26 | 63,566.26 |
| 9/1/2046 | 58,392 | 1.000% | 5,173.65 | 63,565.65 |
| 12/1/2046 | 58,538 | 1.000% | 5,027.67 | 63,565.67 |
| 3/1/2047 | 58,685 | 1.000% | 4,881.32 | 63,566.32 |
| 6/1/2047 | 58,831 | 1.000% | 4,734.61 | 63,565.61 |
| 9/1/2047 | 58,978 | 1.000% | 4,587.53 | 63,565.53 |
| 12/1/2047 | 59,126 | 1.000% | 4,440.09 | 63,566.09 |
| 3/1/2048 | 59,274 | 1.000% | 4,292.27 | 63,566.27 |
| 6/1/2048 | 59,422 | 1.000% | 4,144.09 | 63,566.09 |
| 9/1/2048 | 59,570 | 1.000% | 3,995.53 | 63,565.53 |
| 12/1/2048 | 59,719 | 1.000% | 3,846.61 | 63,565.61 |
| 3/1/2049 | 59,869 | 1.000% | 3,697.31 | 63,566.31 |
| 6/1/2049 | 60,018 | 1.000% | 3,547.64 | 63,565.64 |
| 9/1/2049 | 60,168 | 1.000% | 3,397.59 | 63,565.59 |
| 12/1/2049 | 60,319 | 1.000% | 3,247.17 | 63,566.17 |
| 3/1/2050 | 60,470 | 1.000% | 3,096.37 | 63,566.37 |
| 6/1/2050 | 60,621 | 1.000% | 2,945.20 | 63,566.20 |
| 9/1/2050 | 60,772 | 1.000% | 2,793.65 | 63,565.65 |
| 12/1/2050 | 60,924 | 1.000% | 2,641.72 | 63,565.72 |

Detailed Bond Debt Service

Frankfort PSD

IF

$7,911,125

1% Interest Rate

40 Years from Closing Date

Debt Service Schedule

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---|---|---|---|---|
| 3/1/2051 | 61,076 | 1.000% | 2,489.41 | 63,565.41 |
| 6/1/2051 | 61,229 | 1.000% | 2,336.72 | 63,565.72 |
| 9/1/2051 | 61,382 | 1.000% | 2,183.64 | 63,565.64 |
| 12/1/2051 | 61,536 | 1.000% | 2,030.19 | 63,566.19 |
| 3/1/2052 | 61,690 | 1.000% | 1,876.35 | 63,566.35 |
| 6/1/2052 | 61,844 | 1.000% | 1,722.12 | 63,566.12 |
| 9/1/2052 | 61,998 | 1.000% | 1,567.51 | 63,565.51 |
| 12/1/2052 | 62,153 | 1.000% | 1,412.52 | 63,565.52 |
| 3/1/2053 | 62,309 | 1.000% | 1,257.14 | 63,566.14 |
| 6/1/2053 | 62,465 | 1.000% | 1,101.36 | 63,566.36 |
| 9/1/2053 | 62,621 | 1.000% | 945.20 | 63,566.20 |
| 12/1/2053 | 62,777 | 1.000% | 788.65 | 63,565.65 |
| 3/1/2054 | 62,934 | 1.000% | 631.71 | 63,565.71 |
| 6/1/2054 | 63,092 | 1.000% | 474.37 | 63,566.37 |
| 9/1/2054 | 63,249 | 1.000% | 316.64 | 63,565.64 |
| 12/1/2054 | 63,407 | 1.000% | 158.52 | 63,565.52 |
| | 7,911,125 | | 1,607,802.27 | 9,518,927.27 |

Variable Interest Rate Table

| Begin Date | End Date | Interest Rate |
|---|---|---|
| 1/16/2015 | 12/1/2016 | - |
| 12/1/2016 | 9/1/2017 | 0.602% |
| 9/1/2017 | 12/1/2054 | 1.000% |

Notes:

Bonds bear interest based on $4,761,079 principal amount outstanding beginning 12/01/2016 through 09/01/2017.

Bonds bear interest based on $7,911,125 principal amount outstanding beginning 9/01/2017.

(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

January 16, 2015

Frankfort Public Service District
Sewer Revenue Bonds, Series 2015 A
(West Virginia SRF Program)

Frankfort Public Service District
Wiley Ford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Frankfort Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $17,350,000 Sewer Revenue Bonds, Series 2015 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a Bond Purchase Agreement dated January 16, 2015, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2017, to and including December 1, 2054 all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The SRF Administrative Fee of 0.5% shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2017 as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) paying the Sewerage System Design Revenue Bonds, Series 2012 A (West Virginia Water Development Authority), dated

December 18, 2012, issued in the original aggregate principal amount of $800,000 (the "Series 2012 A Bonds"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on January 8, 2015, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 8, 2015 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (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"); (collectively, the "Prior Bonds"); and (iv) Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated January 16, 2015, issued concurrently herewith in the original aggregate principal amount of $7,911,125 (the "Series 2015 B Bonds"); all in accordance with the terms of the Bonds and the Bond Legislation.

4. 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.

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

6. With proceeds from the Series 2015 A Bonds, the Series 2012 A Bonds have been paid in full, and the covenants, agreements and other obligations of the Issuer to the owners of such Series 2012 A Bonds has been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt and release from the West Virginia Municipal Bond Commission, as Paying Agent of such Series 2012 A Bonds, that it has received payment for the entire outstanding principal of such Series 2012 A Bonds and all interest accrued thereon on the date hereof and that such Series 2012 A Bonds has been paid in full.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Bond Purchase Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

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

January 16, 2015

Frankfort Public Service District
Sewer Revenue Bonds, Series 2015 B
(West Virginia Infrastructure Fund)

Frankfort Public Service District
Wiley Ford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Frankfort Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $7,911,125 Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a Loan Agreement dated January 16, 2015, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure & Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of 1.0% per annum, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2017, to and including December 1, 2054 all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system 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 January 8, 2015, as supplemented by a Supplemental Resolution duly adopted by

the Issuer on January 8, 2015 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (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"); (collectively, the "Prior Bonds"); and (iv) Sewer Revenue Bonds, Series 2015 A (West Virginia SRF Program), dated January 16, 2015, issued concurrently herewith in the original aggregate principal amount of $17,350,000 (the "Series 2015 A Bonds"); all in accordance with the terms of the Bonds and the Bond Legislation.

4. 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.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

306370.00006

**WV MUNICIPAL BOND COMMISSION**
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25301
(304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 1/16/2015

ISSUE: Frankfort Public Service District
Sewer Revenue Bonds, Series 2015 A (West Virginia SRF Program)

ADDRESS: PO Box 80 Wiley Ford, WV 26767 COUNTY: Mineral

PURPOSE OF ISSUE:
New Money: x
Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 1/16/2015
CLOSING DATE: 1/16/2015
ISSUE AMOUNT: $17,350,000
RATE: 0% (0.5% admin fee)
1ST DEBT SERVICE DUE: 3/1/2017
1ST PRINCIPAL DUE 3/1/2017
1ST DEBT SERVICE AMOUNT $114,145.00
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: First People Community Federal Credit Union
Contact: Kim Fram
Phone: 301.784.3009

ESCROW TRUSTEE:
Firm: _____
Contact: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact: Bonnie Wilson
Position: Manager
Phone: 304.738.9552

OTHER:
Agency: West Virginia SRF Program
Contact: John Rogers
Position: _____
Phone: 304.926.0499

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: Series 2015 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

**WV MUNICIPAL BOND COMMISSION**
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25301
(304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 1/16/2015

ISSUE: Frankfort Public Service District
Sewer Revenue Bonds, Series 2015 B (West Virginia Infrastructure Fund)

ADDRESS: PO Box 80 Wiley Ford, WV 26767 COUNTY: Mineral

PURPOSE OF ISSUE:
New Money: x
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 1/16/2015
CLOSING DATE: 1/16/2015
ISSUE AMOUNT: $7,911,125
RATE: 1.00%
1ST DEBT SERVICE DUE: 3/1/2017
1ST PRINCIPAL DUE 3/1/2017
1ST DEBT SERVICE AMOUNT $15,869.70
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: First People Community Federal Credit Union
Contact: Kim Fram
Phone: 301.784.3009

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Bonnie Wilson
Position: Manager
Phone: 304.738.9552

OTHER:
Agency: West Virginia Infrastructure and Jobs Development Council
Contact: Jim Ellars
Position: Executive Director
Phone: 304.414.6501

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: Series 2015 B Bonds Reserve Account will be funded over 10 years with monthly payments of $2,118.87.
The Series 2015 B Bond has a graduated debt service.
The maximum annual debt service on the Series 2015 B Bonds is $254,265.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

## 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 8th day of January, 2015.

Douglas L. Bickford
Chairman

Paul E. Lovell
Secretary