CITY OF GRAFTON

Combined Waterworks and Sewerage System
Design Revenue Bonds, Series 2000
(West Virginia SRF Program)

Date of Closing: July 7, 2000

BOND TRANSCRIPT

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CITY OF GRAFTON

COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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CITY OF GRAFTON

ORDINANCE AUTHORIZING THE DESIGN OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF GRAFTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $740,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF GRAFTON:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Grafton (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Taylor County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of additional collector lines and force mains, expansion, upgrading and renovation of the Issuer's existing wastewater treatment plant and rehabilitation of existing lines, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System").

C. The estimated revenues to be derived in each year will be sufficient to pay all costs of operation and maintenance of the System, interest on and principal of the Prior Bonds and the Series 1999 Bonds (as hereafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

D. The Issuer intends to permanently finance the costs of design of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program) (the "Series 1999 Bonds"), in the total aggregate principal amount of not more than $740,000, initially to be represented by a single bond, to permanently finance the costs of design of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 1999 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as 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 1999 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design of the Project; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1999 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 Bonds as to liens, pledge, source of and security for payment, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original principal amount of $2,830,000 (the "Series 1994 Bonds" or the "Prior Bonds").

Prior to the issuance of the Series 1999 Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1999 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.

H. It is in the best interests of the Issuer that its Series 1999 Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), approved hereby if not previously approved by resolution of the Issuer.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the design of the Project and the operation of the System and issuance of the Series 1999 Bonds, or will have so complied prior to issuance of any thereof.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1999 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby, reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1999 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1999 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1999 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1999 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor or City Manager of the Issuer, or any other officer of the Issuer specifically designated by resolution of 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," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Purchase Agreement" means the Water Pollution Control Revolving Fund Bond Purchase Agreement, heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1999 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 1999 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"City Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 1999 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1999 Bonds from the Authority and the DEP.

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

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

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

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

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

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

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

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

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

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

"Governing Body" means the Council of the Issuer, as it may now or hereafter be constituted.

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia, in Taylor County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1999 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1999 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1999 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1999 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and 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, if any, 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 canceled by the Bond Registrar, at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 1999 Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 1994 Bonds of the Issuer.

"Prior Ordinance" means the ordinance of the Issuer enacted June 7, 1994, including all amendments and supplements thereto, authorizing the Series 1994 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of

Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

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

(a) Government Obligations;

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

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

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

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

value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means the 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 created by the Prior Ordinance and continued hereby.

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

"Series 1994 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, described in Section 1.02G hereof.

"Series 1999 Bonds" means the not more than $740,000 in aggregate principal amount of Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), of the Issuer.

"Series 1999 Bonds Reserve Account" means the Series 1999 Bonds Reserve Account established in the Series 1999 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1999 Bonds in the then current or any succeeding year.

"Series 1999 Bonds Sinking Fund" means the Series 1999 Bonds Sinking Fund established by Section 5.02 hereof.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1999 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1999 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any and all additions, betterments and improvements thereto, hereafter acquired or constructed for the 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 Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed $740,000. The proceeds of the Series 1999 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer will enter into contracts for the design of the Project, compatible with the financing plan submitted to the SRF Program.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1999 Bonds, funding a reserve account for the Series 1999 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 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 1999 Bonds of the Issuer, in an aggregate principal amount of not more than $740,000. The Series 1999 Bonds shall be issued as a single Bond, designated as "Combined Waterworks and Sewerage System Design Revenue Bond, Series 1999 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 Bonds remaining after funding of the Series 1999 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 1999 Bonds, if any, shall be deposited in or credited to the Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1999 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, 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 1999 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 1999 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 1999 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1999 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1999 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

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

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

Section 3.03. Execution of Bonds. The Series 1999 Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 1999 Bonds shall cease to be such officer of the Issuer before the Series 1999 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 1999 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1999 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 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 1999 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 1999 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1999 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 1999 Bonds.

The registered Series 1999 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 1999 Bonds or transferring the registered Series 1999 Bonds are exercised, all Series 1999 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1999 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1999 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1999 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1999 Bonds or, in the case of any proposed redemption of Series 1999 Bonds, next preceding the date of the selection of Series 1999 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 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 1999 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 Gross Revenues derived from the operation of the System as herein provided. No

Holder or Holders of the Series 1999 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1999 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 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 1999 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 1999 Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

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

E. The unqualified approving opinion of bond counsel on the Series 1999 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM
DESIGN REVENUE BOND, SERIES 1999
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and 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 West Virginia Division of Environmental Protection, dated _____, 1999.

This Bond is issued (i) to pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund the Series 1999 Bonds Reserve Account in an amount equal to the Series 1999 Bonds Reserve Requirement (all as defined in the hereinafter described Bond Legislation); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 1999, and a Supplemental Resolution duly adopted by the Issuer on _____, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES1994, DATED JULY 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,830,000 (THE "SERIES 1994 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 1999 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or

payable from such revenues on a parity with the Bonds; provided however, that so long as there exists in the Series 1999 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 1999.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 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: _____, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its 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: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 1999 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Bond Purchase Agreement, 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 Ordinance) 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 Ordinance);

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

(3) Project 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 Ordinance) 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 1994 Bonds Sinking Fund (established by the Prior Ordinance);

(2) Within the Series 1994 Bonds Sinking Fund, the Series 1994 Bonds Reserve Account (established by the Prior Ordinance);

(3) Series 1999 Bonds Sinking Fund; and

(4) Within the Series 1999 Bonds Sinking Fund, the Series 1999 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 by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and the Prior Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinance for payment of interest on the Series 1994 Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinance for payment of principal of the Series 1994 Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 Bonds, for deposit in the Series 1999 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 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 1999 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1994 Bonds Reserve Account, the amount required by the Prior Ordinance to be deposited therein; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 Bonds, if not fully funded upon issuance of the Series 1999 Bonds, for deposit in the Series 1999 Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1999 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 1999 Bonds Reserve Requirement.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund,

a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiency in any reserve account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1999 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1999 Bonds as the same shall become due. Moneys in the Series 1999 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1999 Bonds, as the same shall come due, when other moneys in the Series 1999 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1999 Bonds Sinking Fund and the Series 1999 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1999 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1999 Bonds Reserve Account which result in a reduction in the balance of the Series 1999 Bonds Reserve Account to below the Series 1999 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 Bonds Sinking Fund or into the Series 1999 Bonds Reserve Account therein when

the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1999 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1999 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 Bonds Sinking Fund and the Series 1999 Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 1999 Bonds Sinking Fund and the Series 1999 Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 1999 Bonds Sinking Fund and the Series 1999 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1999 Bonds Sinking Fund, including the Series 1999 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1999 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 Bonds, there shall first be deposited with the Commission in the Series 1999 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 1999 Bonds, there shall be deposited with the Commission in the Series 1999 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 Bonds, such moneys shall be deposited with the Depository Bank in the Project Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Bonds shall be used to fund the Series 1999 Bonds Reserve Account, if not fully funded upon issuance of the Series 1999 Bonds, in an amount not to exceed the Series 1999 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Series 1999 Bonds Reserve Account. Any proceeds of the Series 1999 Bonds remaining after funding the Series 1999 Bonds Reserve Account shall be used as directed by the DEP.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Project Fund and shall comply with all requirements with respect to the disposition of the moneys therein set forth in the Bond Legislation. Moneys in the Project Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1999 Bonds.

Section 6.02. Disbursements From the Project Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1999 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.

Except as provided in Section 6.01 hereof, disbursements from the Project Fund (except for costs of issuance of the Series 1999 Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement as Exhibit C, and

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

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Project Fund only the net amount remaining after deduction of any such portion. All payments made from the Project Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Project Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 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 1999 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 1999 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1999 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 1999 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted _____, 19___, and the water rate ordinance of the Issuer enacted _____, 19___, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 1999 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole,

and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding or to effectively defease the pledge created by this Bond Legislation 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 1999 Bonds, immediately be remitted to the Commission for deposit in the Series 1999 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest, if any, on the Series 1999 Bonds as prescribed by Section 10.01 hereof. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Series 1999 Bonds Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series 1999 Bonds Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such

approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1999 Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1999 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1999 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1999 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on issuance of parity obligations set forth in the Prior Ordinance shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP 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 1999 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 1999 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified

Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of improvements to be financed by such Parity Bonds, shall not be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Series 1999 Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross 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 lien of the Series 1999 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 1999 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 designing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the design of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times.

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 Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1999 Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 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 payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1999 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1999 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Bond Purchase Agreement, the Act 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.

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

The Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates

and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all 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 on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1999 Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 1999 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 on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

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

at all reasonable times to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

The Issuer shall, each month, for 2 years following the completion of design of the Project, complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement as Exhibit C, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the

operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 1999 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

(4) FLOOD INSURANCE, if the System facilities 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.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Permits. The Issuer will cause the Project to be designed 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 will obtain all permits required by state and federal laws for the operation of the System.

Section 7.17. Compliance with Bond Purchase Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1999 Bonds are used for Private

Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1999 Bonds during the term thereof is, under the terms of the Series 1999 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1999 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1999 Bonds during the term thereof is, under the terms of the Series 1999 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1999 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1999 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1999 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1999 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1999 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1999 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. 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 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 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 1999 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1999 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1999 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1999 Bonds which would cause the Series 1999 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1999 Bonds) so that the interest on

the Series 1999 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1999 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1999 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1999 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be

requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1999 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

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 1999 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1999 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 1999 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

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 1999 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 design of the Project and the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 1999 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 design of the Project on behalf of the Issuer, with the 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 design of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1999 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1999 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1999 Bonds from gross income for federal income tax purposes.

The Series 1999 Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1999 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1999 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 1999 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1999 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1999 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1999 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 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 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 the Series 1999 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 on the Series 1999 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 1999 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 1999 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 ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between

this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Mountain Statesman, a newspaper published and of general circulation in the City of Grafton, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 1999 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	September 21, 1999.
Passed on Second Reading:	-	October 5, 1999.
Passed on Final Reading Following Public Hearing:	-	October 19, 1999.

Thomas L. Harvey
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF GRAFTON on the 19th day of October, 1999.

Dated: July 7, ~~1999~~ 2000.

[SEAL]

City Clerk

09/28/99
345720/99001

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document No. 3

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF GRAFTON; RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of Grafton (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective October 19, 1999 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE DESIGN OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF GRAFTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $740,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND

SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), of the Issuer, in the aggregate principal amount not to exceed $740,000;

WHEREAS, the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program) were not issued in 1999, but will be issued in 2000;

WHEREAS, the Governing Body desires to redesignate the Bonds as "Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program)" (the "Bonds" or the "Series 2000 Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a bond purchase agreement relating to the Bonds (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of

the Bond Purchase Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF GRAFTON:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted, the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program) are hereby redesignated as "Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program)", and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $718,500. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2031, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, 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 Bonds. The 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 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 Ordinance.

Section 3. The Issuer does hereby approve and shall pay the administrative fee equal to 1/2% of the principal amount of the Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

Section 4. The Issuer does hereby ratify, approve and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase Agreement by the Mayor and/or the City Manager, 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 in the application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor and/or the City Manager, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer does hereby appoint and designate First Community Bank, Grafton, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2000 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2000 Bonds proceeds in the amount of $23,952 shall be deposited in the Series 2000 Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Project Fund as received from time to time for payment of costs of design of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor, the City Manager and the City Clerk are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 7, 2000, to the Authority pursuant to the Bond Purchase Agreement.

Section 12. The design of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2000 Bonds Sinking Fund, including the Series 2000 Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 21st day of June, 2000.

Thomas L. Horan

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Grafton on the 21st day of June, 2000.

Dated: July 7, 2000.

[SEAL]

Lynn M Basford
City Clerk

06/21/00
345720.99001

CL558272.1

*ORDINANCE AS AMENDED BY
SUPPLEMENTAL RESOLUTION
ADOPTED JUNE 21, 2000

CITY OF GRAFTON

COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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CITY OF GRAFTON

ORDINANCE AUTHORIZING THE DESIGN OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF GRAFTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $740,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF GRAFTON:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Grafton (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Taylor County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain extensions, additions,

betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of additional collector lines and force mains, expansion, upgrading and renovation of the Issuer's existing wastewater treatment plant and rehabilitation of existing lines, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System").

C. The estimated revenues to be derived in each year will be sufficient to pay all costs of operation and maintenance of the System, interest on and principal of the Prior Bonds and the Series 2000 Bonds (as hereafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

D. The Issuer intends to permanently finance the costs of design of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Series 2000 Bonds"), in the total aggregate principal amount of not more than $740,000, initially to be represented by a single bond, to permanently finance the costs of design of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 2000 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design of the Project; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 Bonds as to liens, pledge, source of and security for payment, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original principal amount of $2,830,000 (the "Series 1994 Bonds" or the "Prior Bonds").

Prior to the issuance of the Series 2000 Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2000 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.

H. It is in the best interests of the Issuer that its Series 2000 Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), approved hereby if not previously approved by resolution of the Issuer.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the design of the Project and the operation of the System and issuance of the Series 2000 Bonds, or will have so complied prior to issuance of any thereof.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 2000 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefitting thereby, reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 2000 Bonds are to be issued.

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

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor or City Manager of the Issuer, or any other officer of the Issuer specifically designated by resolution of 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," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Purchase Agreement" means the Water Pollution Control Revolving Fund Bond Purchase Agreement, heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2000 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 2000 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"City Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 2000 Bonds from the Authority and the DEP.

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

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

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

"Consulting Engineers" means GGJ, Inc., Willoughby, Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in

accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

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

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

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

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

"Governing Body" means the Council of the Issuer, as it may now or hereafter be constituted.

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type

property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Grafton, a municipal corporation and political subdivision of the State of West Virginia, in Taylor County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2000 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2000 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and 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, if any, 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 canceled by the Bond Registrar, at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2000 Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 1994 Bonds of the Issuer.

"Prior Ordinance" means the ordinance of the Issuer enacted June 7, 1994, including all amendments and supplements thereto, authorizing the Series 1994 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by

any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

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

"Registrar" means the 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 created by the Prior Ordinance and continued hereby.

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

"Series 1994 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, described in Section 1.02G hereof.

"Series 2000 Bonds" means the not more than $740,000 in aggregate principal amount of Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer.

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

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

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

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2000 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any and all additions, betterments and improvements thereto, hereafter acquired or constructed for the 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 Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed $740,000. The proceeds of the Series 2000 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer will enter into contracts for the design of the Project, compatible with the financing plan submitted to the SRF Program.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 Bonds, funding a reserve account for the Series 2000 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2000 Bonds of the Issuer, in an aggregate principal amount of not more than $740,000. The Series 2000 Bonds shall be issued as a single Bond, designated as "Combined Waterworks and Sewerage System Design Revenue Bond, Series 2000 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after funding of the Series 2000 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 2000 Bonds, if any, shall be deposited in or credited to the Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, 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 2000 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2000 Bonds, if any, shall be paid by check or draft of the Paying Agent 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 2000 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2000 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

In all cases in which the privilege of exchanging Series 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, all Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond

Registrar. For every such exchange or transfer of Series 2000 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2000 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 Bonds, next preceding the date of the selection of Series 2000 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 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

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

A. If other than the Authority, a list of the names in which the Series 2000 Bonds are to be registered upon original

issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

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

E. The unqualified approving opinion of bond counsel on the Series 2000 Bonds.

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

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM
DESIGN REVENUE BOND, SERIES 2000
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and 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 West Virginia Division of Environmental Protection, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund the Series 2000 Bonds Reserve Account in an amount equal to the Series 2000 Bonds Reserve Requirement (all as defined in the hereinafter described Bond Legislation); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The

existing public combined waterworks and sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES1994, DATED JULY 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,830,000 (THE "SERIES 1994 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that so long as there exists in the Series 2000 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its 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: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2000 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Bond Purchase Agreement, 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 Ordinance) 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 Ordinance);

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

(3) Project 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 Ordinance) 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 1994 Bonds Sinking Fund (established by the Prior Ordinance);

(2) Within the Series 1994 Bonds Sinking Fund, the Series 1994 Bonds Reserve Account (established by the Prior Ordinance);

(3) Series 2000 Bonds Sinking Fund; and

(4) Within the Series 2000 Bonds Sinking Fund, the Series 2000 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 by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and the Prior Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinance for payment of interest on the Series 1994 Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinance for payment of principal of the Series 1994 Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 Bonds, for deposit in the Series 2000 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1994 Bonds Reserve Account, the amount required by the Prior Ordinance to be deposited therein; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 Bonds, if not fully funded upon issuance of the Series 2000 Bonds, for deposit in the Series 2000 Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2000 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 Bonds Reserve Requirement.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund,

a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiency in any reserve account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2000 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2000 Bonds Reserve Account which result in a reduction in the balance of the Series 2000 Bonds Reserve Account to below the Series 2000 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 Bonds Sinking Fund or into the Series 2000 Bonds Reserve Account therein when

the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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

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

Moneys in the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 Bonds Sinking Fund, including the Series 2000 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

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

A. From the proceeds of the Series 2000 Bonds, there shall first be deposited with the Commission in the Series 2000 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

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

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 Bonds, such moneys shall be deposited with the Depository Bank in the Project Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Bonds shall be used to fund the Series 2000 Bonds Reserve Account, if not fully funded upon issuance of the Series 2000 Bonds, in an amount not to exceed the Series 2000 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Series 2000 Bonds Reserve Account. Any proceeds of the Series 2000 Bonds remaining after funding the Series 2000 Bonds Reserve Account shall be used as directed by the DEP.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Project Fund and shall comply with all requirements with respect to the disposition of the moneys therein set forth in the Bond Legislation. Moneys in the Project Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2000 Bonds.

Section 6.02. Disbursements From the Project Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2000 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.

Except as provided in Section 6.01 hereof, disbursements from the Project Fund (except for costs of issuance of the Series 2000 Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement as Exhibit C, and

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

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Project Fund only the net amount remaining after deduction of any such portion. All payments made from the Project Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Project Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2000 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted _____, 19___, and the water rate ordinance of the Issuer enacted _____, 19___, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 2000 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole,

and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding or to effectively defease the pledge created by this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 Bonds, immediately be remitted to the Commission for deposit in the Series 2000 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest, if any, on the Series 2000 Bonds as prescribed by Section 10.01 hereof. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Series 2000 Bonds Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series 2000 Bonds Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such

approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on issuance of parity obligations set forth in the Prior Ordinance shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP 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 2000 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 2000 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified

Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of improvements to be financed by such Parity Bonds, shall not be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Series 2000 Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross 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 lien of the Series 2000 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 Bonds.

No Parity Bonds shall be issued 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 designing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the design of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times.

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 Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 2000 Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

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

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

The Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates

and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all 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 on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2000 Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2000 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 on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

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

at all reasonable times to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

The Issuer shall, each month, for 2 years following the completion of design of the Project, complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement as Exhibit C, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the

operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2000 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

(4) FLOOD INSURANCE, if the System facilities 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.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Permits. The Issuer will cause the Project to be designed 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 will obtain all permits required by state and federal laws for the operation of the System.

Section 7.17. Compliance with Bond Purchase Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 Bonds are used for Private

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

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

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

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

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

Section 7.19. 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 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2000 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2000 Bonds which would cause the Series 2000 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2000 Bonds) so that the interest on

the Series 2000 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 2000 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 2000 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 2000 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be

requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2000 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2000 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2000 Bonds from gross income for federal income tax purposes.

The Series 2000 Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2000 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2000 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 2000 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2000 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest 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 the Series 2000 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 on the Series 2000 Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2000 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between

this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Mountain Statesman, a newspaper published and of general circulation in the City of Grafton, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2000 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	September 21, 2000.
Passed on Second Reading:	-	October 5, 2000.
Passed on Final Reading Following Public Hearing:	-	October 19, 2000.

Thomas L. Harvey
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF GRAFTON on the 19th day of October, 2000.

Dated: July 7, 2000.

[SEAL]

City Clerk

06/21/00
345720/99001

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document No. 3

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

BOND PURCHASE AGREEMENT

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

CITY OF GRAFTON
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF GRAFTON
[Name of Local Government]

(SEAL)

By: Thomas L. Horacek
Its: Mayor

Attest:

Date: May 16, 2000

Yvonne M. Basford
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Allyn L. Turner
Its: Chief

Date: 5-20-00

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankosky
Its: Director

Attest:

Date: May 12, 2000

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]
[Name of Local Government]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

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

Witnesseth my signature this ___ day of _____, _____.

[Name of Local Government]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

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

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Bond.

4. In Item 4, provide the principal, interest and reserve account payments for this Bond. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12.000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

_____

By _____

West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 718,500
Purchase Price of Local Bonds	$ 718,500

The Local Bonds shall bear no interest. Commencing September 1, 2001 principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated 7/27/94, in the original principal amount of $2,830,000.

City of Grafton (West Virginia)

Loan of $718,500
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	5,988.00	-	5,988.00
12/01/2001	5,988.00	-	5,988.00
3/01/2002	5,988.00	-	5,988.00
6/01/2002	5,988.00	-	5,988.00
9/01/2002	5,988.00	-	5,988.00
12/01/2002	5,988.00	-	5,988.00
3/01/2003	5,988.00	-	5,988.00
6/01/2003	5,988.00	-	5,988.00
9/01/2003	5,988.00	-	5,988.00
12/01/2003	5,988.00	-	5,988.00
3/01/2004	5,988.00	-	5,988.00
6/01/2004	5,988.00	-	5,988.00
9/01/2004	5,988.00	-	5,988.00
12/01/2004	5,988.00	-	5,988.00
3/01/2005	5,988.00	-	5,988.00
6/01/2005	5,988.00	-	5,988.00
9/01/2005	5,988.00	-	5,988.00
12/01/2005	5,988.00	-	5,988.00
3/01/2006	5,988.00	-	5,988.00
6/01/2006	5,988.00	-	5,988.00
9/01/2006	5,988.00	-	5,988.00
12/01/2006	5,988.00	-	5,988.00
3/01/2007	5,988.00	-	5,988.00
6/01/2007	5,988.00	-	5,988.00
9/01/2007	5,988.00	-	5,988.00
12/01/2007	5,988.00	-	5,988.00
3/01/2008	5,988.00	-	5,988.00
6/01/2008	5,988.00	-	5,988.00
9/01/2008	5,988.00	-	5,988.00
12/01/2008	5,988.00	-	5,988.00
3/01/2009	5,988.00	-	5,988.00
6/01/2009	5,988.00	-	5,988.00
9/01/2009	5,988.00	-	5,988.00
12/01/2009	5,988.00	-	5,988.00
3/01/2010	5,988.00	-	5,988.00
6/01/2010	5,988.00	-	5,988.00
9/01/2010	5,988.00	-	5,988.00
12/01/2010	5,988.00	-	5,988.00
3/01/2011	5,988.00	-	5,988.00
6/01/2011	5,988.00	-	5,988.00
9/01/2011	5,988.00	-	5,988.00
12/01/2011	5,988.00	-	5,988.00

City of Grafton (West Virginia)

Loan of $718,500
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2012	5,988.00	-	5,988.00
6/01/2012	5,988.00	-	5,988.00
9/01/2012	5,988.00	-	5,988.00
12/01/2012	5,988.00	-	5,988.00
3/01/2013	5,988.00	-	5,988.00
6/01/2013	5,988.00	-	5,988.00
9/01/2013	5,988.00	-	5,988.00
12/01/2013	5,988.00	-	5,988.00
3/01/2014	5,988.00	-	5,988.00
6/01/2014	5,988.00	-	5,988.00
9/01/2014	5,988.00	-	5,988.00
12/01/2014	5,988.00	-	5,988.00
3/01/2015	5,988.00	-	5,988.00
6/01/2015	5,988.00	-	5,988.00
9/01/2015	5,988.00	-	5,988.00
12/01/2015	5,988.00	-	5,988.00
3/01/2016	5,988.00	-	5,988.00
6/01/2016	5,988.00	-	5,988.00
9/01/2016	5,987.00	-	5,987.00
12/01/2016	5,987.00	-	5,987.00
3/01/2017	5,987.00	-	5,987.00
6/01/2017	5,987.00	-	5,987.00
9/01/2017	5,987.00	-	5,987.00
12/01/2017	5,987.00	-	5,987.00
3/01/2018	5,987.00	-	5,987.00
6/01/2018	5,987.00	-	5,987.00
9/01/2018	5,987.00	-	5,987.00
12/01/2018	5,987.00	-	5,987.00
3/01/2019	5,987.00	-	5,987.00
6/01/2019	5,987.00	-	5,987.00
9/01/2019	5,987.00	-	5,987.00
12/01/2019	5,987.00	-	5,987.00
3/01/2020	5,987.00	-	5,987.00
6/01/2020	5,987.00	-	5,987.00
9/01/2020	5,987.00	-	5,987.00
12/01/2020	5,987.00	-	5,987.00
3/01/2021	5,987.00	-	5,987.00
6/01/2021	5,987.00	-	5,987.00
9/01/2021	5,987.00	-	5,987.00
12/01/2021	5,987.00	-	5,987.00
3/01/2022	5,987.00	-	5,987.00
6/01/2022	5,987.00	-	5,987.00
9/01/2022	5,987.00	-	5,987.00
12/01/2022	5,987.00	-	5,987.00
3/01/2023	5,987.00	-	5,987.00
6/01/2023	5,987.00	-	5,987.00

City of Grafton (West Virginia)

Loan of $718,500
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2023	5,987.00	-	5,987.00
12/01/2023	5,987.00	-	5,987.00
3/01/2024	5,987.00	-	5,987.00
6/01/2024	5,987.00	-	5,987.00
9/01/2024	5,987.00	-	5,987.00
12/01/2024	5,987.00	-	5,987.00
3/01/2025	5,987.00	-	5,987.00
6/01/2025	5,987.00	-	5,987.00
9/01/2025	5,987.00	-	5,987.00
12/01/2025	5,987.00	-	5,987.00
3/01/2026	5,987.00	-	5,987.00
6/01/2026	5,987.00	-	5,987.00
9/01/2026	5,987.00	-	5,987.00
12/01/2026	5,987.00	-	5,987.00
3/01/2027	5,987.00	-	5,987.00
6/01/2027	5,987.00	-	5,987.00
9/01/2027	5,987.00	-	5,987.00
12/01/2027	5,987.00	-	5,987.00
3/01/2028	5,987.00	-	5,987.00
6/01/2028	5,987.00	-	5,987.00
9/01/2028	5,987.00	-	5,987.00
12/01/2028	5,987.00	-	5,987.00
3/01/2029	5,987.00	-	5,987.00
6/01/2029	5,987.00	-	5,987.00
9/01/2029	5,987.00	-	5,987.00
12/01/2029	5,987.00	-	5,987.00
3/01/2030	5,987.00	-	5,987.00
6/01/2030	5,987.00	-	5,987.00
9/01/2030	5,987.00	-	5,987.00
12/01/2030	5,987.00	-	5,987.00
3/01/2031	5,987.00	-	5,987.00
6/01/2031	5,987.00	-	5,987.00
Total	718,500.00	-	718,500.00 *

*Plus $452.80 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $54,336.

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the City of Grafton (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 7th day of July, 2000, the Authority received the entire original issue of $718,500 principal amount of the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered R-1, and dated July 7, 2000.

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the Mayor, the City Manager and the City Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of $114,273, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as design of the Project progresses.

WITNESS our respective signatures on this 7th day of July, 2000.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

CITY OF GRAFTON

Thomas L. Horan
Mayor

06/21/00
345720/99001

CL612973.1

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 7th day of July, 2000:

(1) Bond No. R-1, constituting the entire original issue of the City of Grafton Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), in the principal amount of $718,500, dated July 7, 2000 (the "Bonds"), executed by the Mayor, the City Manager and the City Clerk of the City of Grafton (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on October 19, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 21, 2000 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the City Clerk of the Issuer;

(3) Executed counterparts of the bond purchase agreement dated May 12, 2000, by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP") and the Issuer (the "Bond Purchase Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $114,273 representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

THE CITY OF GRAFTON

Thomas L. Howard

Mayor

06/21/00
345720/99001

CL613001.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM
DESIGN REVENUE BOND, SERIES 2000
(WEST VIRGINIA SRF PROGRAM)

No. R-1

$718,500

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia in Taylor 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 HUNDRED EIGHTEEN THOUSAND FIVE HUNDRED DOLLARS ($718,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and 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 West Virginia Division of Environmental Protection, dated May 12, 2000.

This Bond is issued (i) to pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund the Series 2000 Bonds Reserve Account in an amount equal to the Series 2000 Bonds Reserve Requirement (all as defined in the hereinafter described Bond Legislation); and (iii) to pay

certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on October 19, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 21, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES1994, DATED JULY 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,830,000 (THE "SERIES 1994 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and 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 provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2000 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds,

including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated July 7, 2000.

[SEAL]

Thomas L. Hausauer
Mayor

SPECIMEN

Kenneth Stead
City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2000 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: July 7, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$114,273	07/07/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

EXHIBIT B

City of Grafton (West Virginia)

Loan of $718,500

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

Closing Date: July 7, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	5,988.00	-	5,988.00
12/01/2001	5,988.00	-	5,988.00
3/01/2002	5,988.00	-	5,988.00
6/01/2002	5,988.00	-	5,988.00
9/01/2002	5,988.00	-	5,988.00
12/01/2002	5,988.00	-	5,988.00
3/01/2003	5,988.00	-	5,988.00
6/01/2003	5,988.00	-	5,988.00
9/01/2003	5,988.00	-	5,988.00
12/01/2003	5,988.00	-	5,988.00
3/01/2004	5,988.00	-	5,988.00
6/01/2004	5,988.00	-	5,988.00
9/01/2004	5,988.00	-	5,988.00
12/01/2004	5,988.00	-	5,988.00
3/01/2005	5,988.00	-	5,988.00
6/01/2005	5,988.00	-	5,988.00
9/01/2005	5,988.00	-	5,988.00
12/01/2005	5,988.00	-	5,988.00
3/01/2006	5,988.00	-	5,988.00
6/01/2006	5,988.00	-	5,988.00
9/01/2006	5,988.00	-	5,988.00
12/01/2006	5,988.00	-	5,988.00
3/01/2007	5,988.00	-	5,988.00
6/01/2007	5,988.00	-	5,988.00
9/01/2007	5,988.00	-	5,988.00
12/01/2007	5,988.00	-	5,988.00
3/01/2008	5,988.00	-	5,988.00
6/01/2008	5,988.00	-	5,988.00
9/01/2008	5,988.00	-	5,988.00
12/01/2008	5,988.00	-	5,988.00
3/01/2009	5,988.00	-	5,988.00
6/01/2009	5,988.00	-	5,988.00
9/01/2009	5,988.00	-	5,988.00
12/01/2009	5,988.00	-	5,988.00
3/01/2010	5,988.00	-	5,988.00
6/01/2010	5,988.00	-	5,988.00
9/01/2010	5,988.00	-	5,988.00
12/01/2010	5,988.00	-	5,988.00
3/01/2011	5,988.00	-	5,988.00
6/01/2011	5,988.00	-	5,988.00
9/01/2011	5,988.00	-	5,988.00
12/01/2011	5,988.00	-	5,988.00

City of Grafton (West Virginia)

Loan of $718,500

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

Closing Date: July 7, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2012	5,988.00	-	5,988.00
6/01/2012	5,988.00	-	5,988.00
9/01/2012	5,988.00	-	5,988.00
12/01/2012	5,988.00	-	5,988.00
3/01/2013	5,988.00	-	5,988.00
6/01/2013	5,988.00	-	5,988.00
9/01/2013	5,988.00	-	5,988.00
12/01/2013	5,988.00	-	5,988.00
3/01/2014	5,988.00	-	5,988.00
6/01/2014	5,988.00	-	5,988.00
9/01/2014	5,988.00	-	5,988.00
12/01/2014	5,988.00	-	5,988.00
3/01/2015	5,988.00	-	5,988.00
6/01/2015	5,988.00	-	5,988.00
9/01/2015	5,988.00	-	5,988.00
12/01/2015	5,988.00	-	5,988.00
3/01/2016	5,988.00	-	5,988.00
6/01/2016	5,988.00	-	5,988.00
9/01/2016	5,987.00	-	5,987.00
12/01/2016	5,987.00	-	5,987.00
3/01/2017	5,987.00	-	5,987.00
6/01/2017	5,987.00	-	5,987.00
9/01/2017	5,987.00	-	5,987.00
12/01/2017	5,987.00	-	5,987.00
3/01/2018	5,987.00	-	5,987.00
6/01/2018	5,987.00	-	5,987.00
9/01/2018	5,987.00	-	5,987.00
12/01/2018	5,987.00	-	5,987.00
3/01/2019	5,987.00	-	5,987.00
6/01/2019	5,987.00	-	5,987.00
9/01/2019	5,987.00	-	5,987.00
12/01/2019	5,987.00	-	5,987.00
3/01/2020	5,987.00	-	5,987.00
6/01/2020	5,987.00	-	5,987.00
9/01/2020	5,987.00	-	5,987.00
12/01/2020	5,987.00	-	5,987.00
3/01/2021	5,987.00	-	5,987.00
6/01/2021	5,987.00	-	5,987.00
9/01/2021	5,987.00	-	5,987.00
12/01/2021	5,987.00	-	5,987.00
3/01/2022	5,987.00	-	5,987.00
6/01/2022	5,987.00	-	5,987.00
9/01/2022	5,987.00	-	5,987.00
12/01/2022	5,987.00	-	5,987.00
3/01/2023	5,987.00	-	5,987.00
6/01/2023	5,987.00	-	5,987.00

City of Grafton (West Virginia)

Loan of $718,500

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

Closing Date: July 7, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2023	5,987.00	-	
12/01/2023	5,987.00	-	5,987.00
3/01/2024	5,987.00	-	5,987.00
6/01/2024	5,987.00	-	5,987.00
9/01/2024	5,987.00	-	5,987.00
12/01/2024	5,987.00	-	5,987.00
3/01/2025	5,987.00	-	5,987.00
6/01/2025	5,987.00	-	5,987.00
9/01/2025	5,987.00	-	5,987.00
12/01/2025	5,987.00	-	5,987.00
3/01/2026	5,987.00	-	5,987.00
6/01/2026	5,987.00	-	5,987.00
9/01/2026	5,987.00	-	5,987.00
12/01/2026	5,987.00	-	5,987.00
3/01/2027	5,987.00	-	5,987.00
6/01/2027	5,987.00	-	5,987.00
9/01/2027	5,987.00	-	5,987.00
12/01/2027	5,987.00	-	5,987.00
3/01/2028	5,987.00	-	5,987.00
6/01/2028	5,987.00	-	5,987.00
9/01/2028	5,987.00	-	5,987.00
12/01/2028	5,987.00	-	5,987.00
3/01/2029	5,987.00	-	5,987.00
6/01/2029	5,987.00	-	5,987.00
9/01/2029	5,987.00	-	5,987.00
12/01/2029	5,987.00	-	5,987.00
3/01/2030	5,987.00	-	5,987.00
6/01/2030	5,987.00	-	5,987.00
9/01/2030	5,987.00	-	5,987.00
12/01/2030	5,987.00	-	5,987.00
3/01/2031	5,987.00	-	5,987.00
6/01/2031	5,987.00	-	5,987.00
Total	718,500.00	-	718,500.00 *

*Plus $452.80 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $54,336.

City of Grafton (West Virginia)

Loan of $718,500
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: July 7, 2000

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Bond Year Dollars	$11,543.45
Average Life	16.066 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.40E-12
Bond Yield for Arbitrage Purposes	1.40E-12
All Inclusive Cost (AIC)	0.4695983%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	16.066 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

06/21/00
345720/99001

CH387266.1

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
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126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

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1000 TECHNOLOGY DRIVE
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FAIRMONT, W. VA. 26554-8824
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FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

July 7, 2000

City of Grafton
Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000
(West Virginia SRF Program)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Grafton (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $718,500 Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement, dated May 12, 2000, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, with no interest and with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 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 design of certain extensions, additions, betterments and improvements to the sewerage

portion of the existing public combined waterworks and sewerage system of the Issuer; (ii) funding the Series 2000 Bonds Reserve Account in an amount equal to the Series 2000 Bonds Reserve Requirement; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on October 19, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 21, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement.

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 municipal corporation and political subdivision of the State of West Virginia, with full power and authority to design the Project, to operate and maintain the System, to enact 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 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 ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the

System, on a parity with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

07/05/00
345720/99001

... and address(es)

City of Grafton
1 West Main Street
Grafton, West Virginia 25354

2 Secured Party(ies) and address(es)

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

3 Maturity date (if any): 06/01/20

For Filing Officer (Date, Time, Number and Filing Office)

0543106

00 JUL -7 PM 3:44

FILED

4 This financing statement covers the following types (or items) of property:

- See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

City of Grafton

By [signature]
Mayor Signature(s) of Debtor(s)

West Virginia Water Development Authority

By [signature]
Director Signature(s) of Secured Party(ies)

5 FILE COPY - DEBTOR(S)

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)

City of Grafton
1 West Main Street
Grafton, West Virginia 26354

2 Secured Party(ies) and address(es)

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

3 Maturity date (if any): 06/01/2

For Filing Officer (Date, Time, Numb and Filing Office)

31656

7-12-00 9:17

4 This financing statement covers the following types (or items) of property:

- See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: County Clerk of Taylor County

City of Grafton

By [signature]
Mayor Signature(s) of Debtor(s)

West Virginia Water Development Authority

By [signature]
Director Signature(s) of Secured Party(ies)

4 FILE COPY - SECURED PARTY(IES)

8A

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, KEN HECHLER, Secretary of State of the State of West Virginia, hereby certify that on July 7, 2000, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between the City of Grafton, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 3:44 P.m. as Financing Statement No. 543106.

[SEAL]

Ken Hechler

Secretary of State of the State of West Virginia

07/07/00
345720/99001

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFICATE OF FILING OF FINANCING STATEMENT - COUNTY CLERK

I, Nancy Virginia Fowler, the duly elected, qualified and acting Clerk of The County Commission of Taylor County, West Virginia, HEREBY CERTIFY that, on July 18, 2000, at the hours listed below, the following was received and recorded in my office:

(1) A FINANCING STATEMENT between the City of Grafton, as debtor, and West Virginia Water Development Authority, as assignee of secured party, filed at the hour of 9:17 A.m. in Financing Statement Book 3, at page 35. - ATTACHED

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County Commission this 18th day of July, 2000.

[SEAL]

Clerk of The County Commission of Taylor County

07/11/00
345720/99001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
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CLARKSBURG, W. VA. 26302-2190
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FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

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(304) 263-6991
FACSIMILE (304) 262-3541

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1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

July 7, 2000

City of Grafton
Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000
(West Virginia SRF Program)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Grafton (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $718,500 Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement, dated May 12, 2000, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, with no interest and with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 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 design of certain extensions, additions, betterments and improvements to the sewerage

portion of the existing public combined waterworks and sewerage system of the Issuer; (ii) funding the Series 2000 Bonds Reserve Account in an amount equal to the Series 2000 Bonds Reserve Requirement; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on October 19, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 21, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement.

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 municipal corporation and political subdivision of the State of West Virginia, with full power and authority to design the Project, to operate and maintain the System, to enact 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 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 ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the

System, on a parity with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

07/05/00
345720/99001

CL614489.1

CLAGETT AND GOREY

ATTORNEYS AT LAW

Fairmont Office:
99 FAIRMONT AVENUE
P.O. BOX 789
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FAX (304) 367-1533

Grafton Office:
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P.O. BOX 654
GRAFTON, WV 26354-0654
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FAX (304) 265-0484

gorey@access.mountain.net

Philippi Office:
35 S. MAIN STREET
P.O. BOX 298
PHILIPPI, WV 26416-0298
TELEPHONE (304) 457-3341
FAX (304) 457-3343

MICHAEL G. CLAGETT
ROBERT C. GOREY, JR.
JEFFREY L. FREEMAN
LEE A. NIEZGODA
HUNTER B. MULLENS
CHAELYN W. CASTEEL

Please Reply To:

Grafton

July 7, 2000

City of Grafton
Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000
(West Virginia SRF Program)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

We are counsel to the City of Grafton in Taylor County, West Virginia (the "Issuer"), in connection with the above-captioned bond issue. As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a bond purchase agreement dated May 12, 2000, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP") and the Issuer, a Bond Ordinance duly enacted by the Issuer on October 19, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 21, 2000 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, the City Manager, the City Clerk and the members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

3. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

5. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations required by law for the issuance of the Bonds, the design of the Project, the operation of the System and the imposition of rates and charges for use of the System, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of ordinances prescribing such rates and charges. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal.

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

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

Sincerely,

CLAGETT AND GOREY

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. INSURANCE
9. BOND PURCHASE AGREEMENT
10. RATES
11. SIGNATURES AND DELIVERY
12. BOND PROCEEDS
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. SPECIMEN BOND
15. CONFLICT OF INTEREST
16. CLEAN WATER ACT
17. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR, CITY MANAGER and CITY CLERK of the City of Grafton in Taylor County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the $718,500 principal amount of the City of Grafton Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2000 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted October 19, 1999, and the Supplemental Resolution duly adopted June 21, 2000 (collectively, the "Bond Legislation").

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

3. GOVERNMENTAL APPROVALS: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the design of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect. The Issuer has procured the services of the Consulting Engineers pursuant to Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Bond Purchase Agreement, and the Issuer has met all conditions prescribed in the Bond Purchase Agreement entered into among the Issuer, the DEP and the Authority. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to design the Project.

There is an outstanding obligation of the Issuer which will rank on a parity with the Series 2000 Bonds as to liens, pledge, source of and security for payment, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original principal amount of $2,830,000 (the "Prior Bonds").

The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Series 2000 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.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Conformed Ordinance

Bond Purchase Agreement

City Charter

Oaths of Office of Officers and Councilmembers

Sewer Rate Ordinance and Water Rate Ordinance

Affidavits of Publication of Rate Ordinances and Notice of Public Hearing

Minutes on Adoption and Enactment of Rate Ordinances

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

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

NPDES Permit

1994 Bond Ordinance and Supplemental Resolution

Consent of West Virginia Water Development Authority

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Grafton." The Issuer is a municipal corporation in Taylor County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of 5 councilmembers, all duly elected, qualified and acting, one of whom is elected by Council to serve as Mayor for a term of 2 years, and the names and dates of commencement and termination of current terms of office are as follows:

Name			Date of Commencement of Office	Date of Termination of Office
Thomas L. Horacek	-	Councilmember	07/01/98	06/30/02
I. Joe Hines	-	Councilmember	07/01/00	06/30/04
Beryl E. Riley	-	Councilmember	07/01/98	06/30/02
Jeffery L. Tansill	-	Councilmember	07/01/00	06/30/04
James L. Morgan	-	Councilmember	07/01/98	06/30/02

The Council has elected Thomas L. Horacek to serve as Mayor of the Issuer from July 1, 1998 to June 30, 2000. The duly appointed and acting City Manager of the Issuer is Kevin M. Stead. The duly appointed and acting City Clerk of the Issuer is Gwen M. Basford. The duly appointed and acting Counsel to the Issuer is Clagett & Gorey, Grafton, West Virginia.

7. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the design and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

8. INSURANCE: All insurance for the System required by the Bond Legislation is in full force and effect.

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

10. RATES: The Issuer duly enacted a water rate ordinance on October 15, 1996, and a sewer rate ordinance on October 19, 1999, as amended on April 4, 2000, setting

the respective rates and charges for the services of the System. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal, and are currently in effect.

11. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor and City Manager did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by their manual signatures, and the undersigned City Clerk did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

12. BOND PROCEEDS: On the date hereof, the Issuer received $114,273 from the Authority and the DEP, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as design of the Project progresses.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Mountain Statesman, a newspaper published and of general circulation in the City of Grafton, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 19th day of October, 1999, at 6:30 p.m., at the City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

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

15. CONFLICT OF INTEREST: No councilmember, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect

to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

17. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of the CITY OF GRAFTON on this 7th day of July, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Thomas L. Howard	Mayor
Kevin M. Stead	City Manager
Lynn M Basford	City Clerk
_____	Counsel to Issuer

06/21/00
345720/99001

WITNESS our signatures and the official seal of the CITY OF GRAFTON on this 7th day of July, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	City Manager
_____	City Clerk
_____	Counsel to Issuer

06/21/00
345720/99001

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the City of Grafton in Taylor County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $718,500 Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Series 2000 Bonds" or the "Bonds"), of the Issuer, dated the date hereof, hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on October 19, 1999 (as supplemented, the "Bond Ordinance").

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 7, 2000, the date on which the Bonds are being physically delivered in exchange for an initial advance of $114,273, being a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2000 Bonds were sold on July 7, 2000, to the Authority, pursuant to a bond purchase agreement dated May 12, 2000, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $718,500 (100% of par), at which time, the Issuer received $114,273 from the Authority and the DEP, being the first advance of the principal amount of the Series 2000 Bonds. No accrued interest has been or will be paid on the Series 2000 Bonds. The balance of the principal amount of the Series 2000 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of design of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Series 2000 Bonds; and (iii) paying costs of issuance and related costs thereof.

7. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of $100,000 for the design of the Project, constituting a substantial binding commitment. The design of the Project shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Series 2000 Bonds Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the design of the Project on or before April 22, 2001. The design of the Project is expected to be completed by March 22, 2001.

8. The total cost of the design of the Project (including all costs of issuance of the Bonds) is estimated at $718,500. Sources and uses of funds for the design of the Project are as follows:

SOURCES	
Gross Proceeds of the Bonds	$718,500
Total Sources	$718,500

USES	
Costs of Design of the Project	$686,048
Capitalized Interest	$-0-
Fund Series 2000 Bonds Reserve Account	$23,952
Costs of Issuance of Series 2000 Bonds	$ 8,500
Total Uses	$718,500

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued if relative to the Series 2000 Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Project Fund;

(4) Series 1994 Bonds Sinking Fund;

(5) Within the Series 1994 Bonds Sinking Fund, the Series 1994 Bonds Reserve Account;

(6) Series 2000 Bonds Sinking Fund; and

(7) Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account;

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

(1) Series 2000 Bonds proceeds in the amount of $-0- will be deposited in the Series 2000 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 2000 Bonds proceeds in the amount of $23,952 will be deposited in the Series 2000 Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2000 Bonds will be deposited in the Project Fund as received from time to time and applied solely to payment of costs of design of the Project, including costs of issuance of the Series 2000 Bonds and related costs.

11. Moneys held in the Series 2000 Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 Bonds and will not be available to meet costs of design of the Project. All investment earnings on moneys in the Series 2000 Bonds Sinking Fund and Series 2000 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited, not less than once each year, in the Reserve Fund, and such amounts will be applied as set forth in the Bond Ordinance.

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

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

14. With the exception of the amount deposited in the Series 2000 Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the design of the Project within 10 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2000 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2000 Bonds in the then current or any succeeding year with the proceeds of the Series 2000 Bonds, or (b) created the Series 2000 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2000 Bonds in the then current or any succeeding year. Moneys in the Series 2000 Bonds Reserve Account and the Series 2000 Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Series 2000 Bonds and will not be available to pay costs of the Project.

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

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

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

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

WITNESS my signature on this 7th day of July, 2000.

CITY OF GRAFTON

Thomas L. Hovanec

Mayor

06/21/00
345720/99001

CH388234.1

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, James R. Gills, Registered Professional Engineer, West Virginia License No. 8503 of GGJ Inc., Consulting Engineers, in Willoughby, Ohio, hereby certify as follows:

1. My firm is engineer for the design of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of the City of Grafton (the "Issuer"), in Taylor County, West Virginia, which design is being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on October 19, 1999, and the Supplemental Resolution adopted by the Issuer on June 21, 2000, and the Bond Purchase Agreement, dated May 12, 2000 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP").

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

3. The undersigned hereby certifies that (i) the Project will be designed by my firm as described in the application submitted to the Authority and the DEP, requesting the Authority to purchase the Bonds; (ii) the Project will be adequate for the purpose for which it will be designed and when constructed, will have an estimated useful life of at least thirty-five years; (iii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the design of the Project and the operation of the System; (iv) in reliance upon the certificate of Michael D. Griffith, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of the Bond Purchase Agreement; (v) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of design of the Project as set forth in the Schedule A attached hereto; and (vi) attached hereto

as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 7th day of July, 2000.

GGJ INC.

[SEAL]

James R. Gills, P.E.
West Virginia License No. 8503

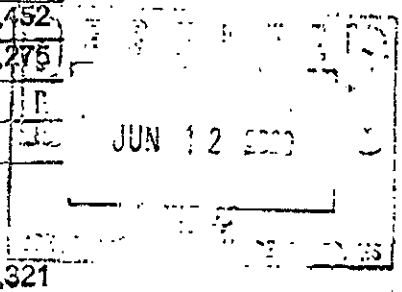
SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Grafton, WV

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

A. Cost of Project

1.	Construction	$		
2.	Technical Services	$	599,452	
3.	Legal and Fiscal	$	2,275	
4.	Administrative	$		
*5.	Site and R-O-W activity	$		
**6.	Fac. Plan or Design or Other loan Repayment (Specify type) Emergency Forcemain Replacement	$	84,321	
7.	Interim Financing Costs	$		
8.	Contingency	$		
9.	Miscellaneous			
10.	Total of Lines 1 Through 8			$ 686,048



B. Source of Funds

11.	Federal Grants[1]		$	
	(Specify Sources)		$	
12.	State Grants[1]		$	
	(Specify Sources)		$	
13.	Other Grants[1]		$	
	(Specify Sources)		$	
14.	Any Other Source		$	
	(Specify)		$	
15.	Total of Lines 10 Through 14			$
16.	Net Proceeds Required from Bond Issue (Line 10 less Line 15)			$ 686,048

C. Cost of Financing

17.	Funded Reserve Account[3]	$ 23,952	
18.	Closing costs (Bond council, etc.)	$ 8,500	
19.	Net costs of financing	$ 32,452	
20.	Size of Bond Issue (Line 16 plus Line 19)		$ 718,500

* not allowable for State Revolving Fund Assistance

** WDA loans not allowable

Thomas L. Hocevar
SIGNATURE OF APPLICANT

DATE: 5-1-00

James R. Gills
SIGNATURE OF CONSULTING ENGINEER

DATE: 5-1-00

MICHAEL D. GRIFFITH
CERTIFIED PUBLIC ACCOUNTANT
Post Office Box 11337 Charleston, West Virginia 25339
Office (304) 756-3600 Fax: (304) 756-2911

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000 A
(West Virginia SRF Program)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the City of Grafton (the "Issuer") enacted October 19, 1999, and as amended April 4, 2000, and the water rate ordinance of the Issuer enacted October 15, 1996, and the current operation and maintenance expenses and the current number and type of customers as furnished to me by GGJ Inc., it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof and all other obligations secured by or payable from revenues of the System, on a parity with the Bonds, including the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (the "Prior Bonds"). It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds and the Bonds.

Very truly yours,

Michael D. Griffith, CPA

GRAFTON CITY CHARTER

ADOPTED AT A SPECIAL ELECTION

APRIL 30, 1985

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2. Boundaries and Wards
3. Form of Government
4. Powers of City Generally

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Article I
INCORPORATION

Section 1

NAME

The inhabitants of the City of Grafton, within the corporate limits as heretofore established and detailed in Section Two (2) hereof, or as hereinafter established in the manner provided by law, shall continue to be a municipal body politic and corporate in perpetuity, under the name of the "City of Grafton."

Section 2

BOUNDARIES AND WARDS

*Editor's Note
The City boundaries are outlined on the official map of the City, which is maintained on file in the office of the City Clerk. The said City shall be divided into four Wards, each ward consisting of two voting precincts. Ward One (1) shall consist of Precincts 14 and 22; Ward Two (2) shall consist of Precincts 23 and 26; Ward Three (3) shall consist of Precincts 12 and 25; Ward Four (4) shall consist of Precincts 29 and 31, until changed by Ordinance.

Section 3

FORM OF GOVERNMENT MANAGER PLAN

1. There shall be a Council of not less than five (5) members, One (1) nominated and elected from each geographical Ward, and one at-large, as established by this Charter, and the Charter may empower the Council to change, from time to time, such Wards without amending the Charter provided, however, that the changes of such Wards shall not take effect during the term of office of the members of such Council making such change.

2. There shall be a Mayor elected by Council from among its membership, who shall serve as the presiding officer of the Council, and a City Manager who shall be appointed by the Council.

3. The Council shall be the Governing Body.

*Editor's Note: West Virginia Code 8-3-2, Plan 4

Section 3 (con't)

4. The City Manager shall be the Administrative Authority. The City Manager shall manage the affairs of the City under the supervision of the Council and shall be responsible to such Council. The City Manager shall appoint or employ, in accordance with this Charter, all subordinates and employees for whose duties or work that the City Manger is responsible to the Council.

Section 4

POWERS OF CITY GENERALLY

The City have all the powers granted to municipal corporations and to Cities by the Constitution and general laws of this State, together with all the powers granted. The City may acquire property within or without its corporate limits for any City purpose, in fee simple or any lesser interest or estate, by purchase, gift, devise, lease or condemnation, and may sell, lease, mortgage, hold, manage and control such property as its interests may require, and except as prohibited by the Constitution of this State or restricted by this Charter. The City shall have right to abandon alleys and rights-of-ways however, Council shall ascertain that no citizen be injured as a result of the abandonment, and the City of Grafton will benefit by the abandonment.* The City shall and may exercise all municipal powers, functions, right, privileges and immunities of every name and nature, whatsoever. The enumeration of particular powers by this Charter shall not be deemed to be exclusive, and in addition to the powers enumerated therein or implied thereby, or appropriate to the exercise of such powers, it is intended that the City shall have and may exercise all powers which, under the Constitution and general laws of this State, it would be competent for this Charter, specifically to enumerate.
*Editor's Note: State Code 8-11-3

Article II

THE COUNCIL

Section 5

COMPOSITION

Council shall have five (5) members: Councilmembers shall be nominated each from and by the respective voters of the Ward of which they reside. The City shall be divided into four (4) voting Wards, subject to change by Council when the Wards become unequal in population. One (1) Councilmember shall be nominated and elected by voters of the City at-large. The Councilmember from each Ward be elected by the voters of the City at-large. The Council shall be elected in the manner provided in Section 58 for a term of four (4) years. However, terms of office for Councilmembers are to be staggered as follows: in the first City Election to be held the first Tuesday in May, nineteen hundred and eighty-six, the candidate

from Ward One (1) and the at-large candidate will serve for a two (2) year term and the candidates from Wards Two (2), Three (3) and Four (4) will serve for a four year term. In the City Election to be held the first Tuesday in May, nineteen hundred and eighty-eight, candidates from Ward one (1) and the at-large candidate will serve for a full four (4) year term.

Section 6

QUALIFICATION

The Councilmember to be elected at-large as provided in Section 58 shall be a qualified elector of the City. The Councilmember to be elected from a Ward, as provided in Section 58, shall be a qualified elector of the City and a resident of the Ward from which he/she is to be elected. No Councilmember shall hold any other elective public office, nor be an employee of the City during his/her term of office. If a Councilmember shall cease to possess any of these qualification or shall be convicted of any crime involving moral turpitude, his/her office shall immediately become vacant. No Councilmember shall hold office more than four consecutive terms.

Section 7

SALARIES

The salary of Councilmember shall be fifty dollars ($50) per meeting and shall not exceed one-hundred dollars ($100) per month, unless changed by ordinance but shall not be increased during the current term of Councilmember enacting such ordinance. The salary of the Mayor shall be sixty dollars ($60) per meeting, not to exceed one-hundred twenty ($120) per month until changed by ordinance.

Section 8

CONFLICTS OF INTEREST

No member of Council shall vote upon or participate in the furtherance of any matter in which that Councilmember has, either directly or indirectly, a substantial personnel interest as a member, manager, officer, bondholder or stockholder of any partnership, business, firm or corporation. Such interest shall include, but not be limited to, an interest in any contract furnishing material, services or supplies to the City or to any contractor or workmen for the City, any sale of land to or from the City, any lease to or from the City, annulment of any street or any special privilege or right which may inure to the benefit of such Councilmemher directly or indirectly, except as such privilege may benefit him/her generally as a citizen of the community. Any Councilmember who willfully conceal such or willfully violate the requirements of this section shall be guilty of malfeasance in office and shall forfeit his office. Violation of this section with the knowledge express or

implied of the person, or of the corporate officer, agent or employee contracting with the City, shall render voidable by action of the City Council, any transaction prohibited by the preceding paragraph. Removal by any Councilmember for violation of the provisions of this section shall be accomplished in the following manner: The Council shall hold an administrative hearing and make a determination which may be appealed to the proper court.

Section 9

MAYOR GENERALLY

The Mayor preside at meetings of the Council, and shall be recognized as head of the City government for all ceremonial purposes, by the Governor for purposes of Military law, and for all other purposes required by law, but shall have no regular administrative duties. The Council shall choose for a term of two (2) years one of its members who shall have the title of Mayor. The Council shall also choose an Assistant Mayor who shall act as Mayor during the absence or disability of the Mayor, and if vacancy occurs, shall become Mayor for the completion of the unexpired term. The Mayor shall have the right to vote on all matters in which a vote of Council is required. The Mayor shall appoint a sergeant-at-arms for all regular and special Council meetings.

Section 10

POWERS OF THE CITY TO BE VESTED IN COUNCIL

All powers of the City and the determination of all matters of policy shall be vested in the Council, except as otherwise provided by State law or by this Charter.

Section 11

CITY MANAGER
APPOINTMENT, QUALIFICATIONS, COMPENSATION

The Council shall appoint a City Manager for an indefinite term and fix his/her compensation. The City Manager shall be appointed solely on the basis of executive and administrative qualifications with particular emphasis on education and experience in City Government. The City Manager need not be a resident of the City or State at the time of appointment, but must reside within the County while in office however, the City Manager must at all times maintain a Grafton telephone exchange. The City Council shall evaluate the City Manager at least annually.

Section 12

CITY MANAGER VACANCIES/REMOVAL

The Council may remove the City Manager from office in accordance with the following procedures:

(1) The Council shall adopt by affirmative vote a majority of all its members a preliminary resolution which must state the reason for removal and may suspend the City Manager from duty for a period not to exceed 30 days.

(2) Within five (5) days after the copy of the resolution is delivered to the City Manager, he/she may file with the Council a written request for a public hearing. This meeting shall be held at a Council meeting not earlier than ten (10) days nor later than fifteen (15) days after the request is filed.

(3) The council may adopt a final resolution of removal, which may be made effective immediately by affirmative vote of a majority of all its members at any time after five (5) days from the date when a copy of the preliminary resolution was delivered to the City Manager, if the City Manager has not requested a public hearing, or at any time after the public hearing if he/she has requested one. The City Manager shall continue to receive his/her salary until the effective date of a final resolution of removal.

(4) If the Council finds it necessary to suspend the City Manager, then an administrative officer of the City shall be appointed by Council to fill the vacancy until a replacement is found.

(5) Upon permanent removal of the City Manager, the City Council shall designate a resident citizen of Taylor County with administrative experience, preferably a City Official, to serve as acting City Manager for a period not to exceed sixty (60) days.

Section 13

COUNCIL NOT TO INTERFERE WITH APPOINTMENT OR REMOVAL

Except for the purpose of inquiry, the Council and its members shall deal with the administrative service solely through the City Manager and neither the Council nor any member thereof shall give orders to any subordinates of the City Manager, either publicly or privately. Any Councilmember violating the provisions of this section or voting for a resolution or ordinance in violation of this section shall be subject to removal from office by a majority vote of Council.

Section 14

VACANCIES

If a seat in Council becomes vacant or not filled at an election as provided in Article 7, it shall be filled for the remained of the unexpired term by a majority vote of the remaining members of the Council and with the exception of the at-large Councilmember, the seat shall be filled by a resident of the Ward in which the vacancy exists. Any vacancy in Council shall be filled by a majority vote of all the remaining members who, within thirty (30) days following the occurrence of the vacancy, shall appoint a qualified person to fill the vacancy. If the Council fail to do so within thirty (30) days following the occurrence of the vacancy, then the City Manager shall fill the vacant seat within the next thirty (30) days.

If three (3) or more seats in the Council should be filled by appointment, the election authorities shall call a special election of members to serve for the remainder of the unexpired term of the appointees, except that if a regular election has already been held, or is to be held not more than sixty (60) days after, the occurring of the vacancies such a special election need not be held and the members elected to the Council at the regular election shall take office forthwith or as soon as the regular election is completed.

Section 15

FORFEITURE OF OFFICE

A Councilmember shall forfeit his/her office if he/she:

(1) Lack at any time during his/her term of office any qualification for the office prescribed by this Charter or by law.

(2) Violates any express prohibition of this Charter.

(3) Is convicted of a crime involving moral turpitude.

(4) Fail to attend three (3) consecutive, regular meetings of the Council without being excused by the Council, either before or after such failure of attendance.

Section 16

CREATION OF NEW DEPARTMENT OR OFFICES CHANGE OF DUTIES

The Council by ordinance may create, change and abolish offices, departments or agencies established by this Charter. The Council by ordinance may assign additional function or duties of offices, departments or agencies established by this

Section 17

INDUCTION INTO OFFICE MEETINGS

The first meeting of the newly elected Councilmembers for induction into office shall be held at ten o'clock (10 AM) in the morning on the first day (1st) of July, if the first day of July is on Saturday or Sunday then the first work day in July following their election., after which the Council shall meet regularly at such times as may be prescribed by its rules, but not less frequent than once each month. Special meetings may be held at any time upon call of the Mayor or any two Councilmembers and upon such notice as the Council may by rule prescribe.

Section 18

TO BE JUDGE OF QUALIFICATIONS OF ITS MEMBERS

The Council shall be the judge of the election and qualification of its members and for such purpose shall have power to subpoena witnesses and require the production of records, but the decision of the Council in any case shall be subject to review by the courts.

section 19

RULES OF PROCEDURE JOURNAL

The Council shall determine its own rules and order of business. It shall keep a journal of its proceedings and the journal shall be open to the public inspection. A quorum shall consist of three (3) members.

Section 20

ORDINANCES

In addition to such acts of the Council as are required by statute or by this Charter to be by ordinance, every act of Council establishing a fine or other penalty or for the contracting of indebtedness, shall be by ordinance. The enacting clauses of all ordinances shall be:
"The Council of the City of Grafton hereby ordains." Ordinance procedure shall be in accordance with State Code, Chapter 8, Article 11, Section 3.

Section 21

CODIFICATION OF ORDINANCES

Council will direct the City Clerk to maintain a journal of all current ordinances in effect at the writing of this Charter and all future ordinances passed by the Council of the City of Grafton. Such journal will be codified and kept in a manner that can be efficiently updated.

Section 22

AUTHORITY TO AUDIT CITY FINANCES

In addition to regular annual audit made by the State Tax Commissioner, the Council may, at any time it is deemed necessary, employ qualified Public Accountants to make a special, independent audit of the finances of the City or the accounts of any City Officer.

ARTICLE III
CITY MANAGER

Section 23

POWERS AND DUTIES OF THE CITY MANAGER

The City Manager shall be the Chief Administrative Officer of the City. The City Manager shall be responsible to the Council for the administration of all City affairs placed in the City Manager's charge by or under this Charter. The City Manager shall have the following powers and duties:

(1) The City Manager shall appoint, and when deemed necessary for the good of the service, suspend or remove all City employees and appointive administrative officers provided for, by or under this Charter, except as otherwise provided by law, this Charter or personnel rules adopted pursuant to this Charter. However, the City Manager may not fire anyone without first obtaining a written opinion from the City Attorney. The City Manager may authorize any administrative officer who is subject to the City Manager's direction and supervision to exercise the powers with respect to subordinates in that officer's department, office or agency.

(2) The City Manager shall direct and supervise the administration of all departments, offices, or agencies of the City, except as otherwise provided by this Charter or by law.

(3) The City Manager shall attend all Council meetings and shall have the right to take part in discussion, but may not vote.

(4) The City Manager shall see that all laws, provisions of this Charter and acts of the Council, subject to enforcement by the City Manager or by officers subject to the City Manager's directions and supervision are faithfully executed.

(5) The City Manager shall be responsible for the preparation and submission of the annual budget and capital program to the Council.

(6) The City Manager shall propose a uniform personnel policy, and the Council may, by ordinance, adopt it with or without amendments.

(7) The City Manager shall submit to the Council and make available to the public a complete report on the finances and administrative activities of the City as of the end of each fiscal year.

(8) The City Manager shall make such other reports as the Council may require concerning the operations of City departments, offices and agencies subject to the City Manager's direction and supervision.

(9) The City Manager shall keep the Council fully-advised as to the financial condition and future needs of the City and make such recommendations to Council concerning the affairs of the City as the City Manager deems desirable.

(10) The City Manager shall prepare and mail to each Councilmember a proposed agenda of the next regular Council meeting at least three (3) days prior to the Council meeting.

(11) The City Manager shall perform such other duties as are specified in this charter or may be required by the Council.

Section 24

CITY MANAGER VACANCIES

By letter filed with the City Clerk, the City Manager shall designate, subject to the approval of the Council, a qualified City Administrative Officer to exercise the powers and perform the duties of a City Manager during his absence or disability. During such absence or disability, the Council may revoke such designation at any time and appoint another officer of the City to serve until the City Manager shall return or his/her disability shall cease however, in the event that the City Manager has failed to designate an acting City Manager, the Council shall, by resolution, appoint an officer of the City to perform the duties of the City Manager until he/she shall return or his/her disability shall cease. In the event of a permanent absence or disability of the City Manager, the City Council shall designate a resident of Taylor County with administrative experience preferably a City Official to serve as acting City Manager for a period not to exceed sixty (60) days, at which

time Council shall appoint a new City Manager.

ARTICLE IV
ADMINISTRATIVE DEPARTMENT AND AGENCIES

Section 25

CITY CLERK

The Council shall appoint a resident of the County to serve as City Clerk at the will and pleasure of the Council, except as otherwise provided in this Charter and subject to the supervision of the City Manager, the City Clerk shall have power, and it shall be his/her duty, to:

(1) Give notice of and attend all meetings of the City Council, keep the journal of its proceedings, authenticate by his/her signature and record in full on a book kept for the purpose all ordinances and resolutions of the Council, prepare and keep up-to--date an index of all such ordinances and resolutions, and keep all such records available for public inspection.

(2) Make and certify copies of any ordinances, resolution on order of the Council, whenever required to do so, and affix the corporate seal of the City to any paper required to be sealed and to any certified copy of any paper, order or proceeding which he/she may make.

(3) Prepare and cause to be served all notices required to be given any person, firm or corporation, and after the proper service and return of any notice, he/she shall file and preserve the same.

(4) Have custody of, and keep available for public inspection, the permanent records of the City and file properly, index all records of such City officers and departments as the City Manager may direct.

(5) Perform such other duties as may be required of him/her by this Charter, by general law, or by City ordinances or order of the City Manager not inconsistent with this Charter or with general law.

Section 26

CITY CLERK VACANCIES

Council shall appoint someone within thirty (30) days, should the seat become vacant.

Section 27

CITY ATTORNEY

The Council shall appoint a City Attorney to serve at its will and pleasure. The City Attorney shall be a duly licensed attorney-at-law. The City Attorney's salary shall be fixed by the City Council. The City Attorney shall perform all duties and exercise all powers which shall be conferred upon the City Attorney by ordinance or resolution of the Council, and except as otherwise provided in this Charter, the City Attorney shall have the power and it shall be the City Attorney's duty to:

(1) Act as legal advisor and counsel for the City Council and for all administrative boards and offices thereof with respect to their official duties. Upon request, the City Attorney shall furnish to the City Council or to such officers a written opinion upon any question concerning their respective powers and duties.

(2) Prosecute and defend all suits for or against the City, and prepare all ordinance and all contracts, bonds, or other writings in which the City is concerned, and endorse on each his/her approval of the form and correctness thereof.

(3) Prosecute all cases brought or appealed from the police court, and perform the same duties so far as they are applicable thereto, as are required by law of prosecuting Attorney.

Whenever the existence of the business of the City require such action, the City Manager with the approval of the City Council shall have the right to employ special counsel to assist the City Attorney.

Section 28

POLICE COURT AND JUDGE JURISDICTION PRACTICE & PROCEDURE

The police court now existing shall be continued and shall have criminal jurisdiction over violations of City ordinances and the criminal jurisdiction of a County Magistrate with respect to offense committed.

Section 29

QUALIFICATIONS OF POLICE JUDGE

Said judge shall be a duly licensed attorney, if such be available for such service and appointed and acceptable to serve at the will and pleasure of Council, and if no attorney be so available and acceptable to the Council, then such person as the Council shall deem qualified for such service and appointment. In the event, and

during the temporary absence or disability of the Police Judge, the Council shall appoint a qualified person or the Mayor to preside over said court and perform the duties of the Police Judge thereof until a person described hereinabove be found and the Police Judge's salary shall be transferred to and paid such temporary Police Judge for the time he/she serves as such. The Mayor may serve no longer than sixty (60) days.

Section 30

POLICE JUDGE

The Police Judge shall issue warrants upon complaints under oath of any City Officer for the arrest of anyone charged with any offense within the jurisdiction of the Police Court. The Police Judge shall try and determine all criminal cases, over which the court has jurisdiction, and enforce the various laws of the municipality. The Police Judge shall have the power to summon witnesses for trails and to require of the chief of police the enforcement of all judgments to orders entered by the Police Judge in the exercise of his powers as Police Judge, and to issue executions for all fines, penalties and costs imposed by the Police Judge. The proceedings for the recovery of fines or for the enforcement of penalties fixed by any ordinance or law shall conform to the regulations, as far as they are applicable, prescribed by general law.

A person convicted in the Police court shall have the same right to an appeal and a trail de novo as is provided by law for appeals for the County Magistrate.

Section 31

POLICE JUDGE SALARY

The salary of the Police Judge shall be fixed by the City Council.

Section 32

CHIEF OF POLICE APPOINTMENT QUALIFICATIONS

The Chief of Police shall be appointed by the City Manager to serve for an indefinite term. The Chief of Police shall be a resident of the State at the time of appointment, but shall reside within the County during tenure of office. The Chief of Police shall be a person of proven executive and administrative ability with experience or training in law enforcement.

Section 33

POLICE CHIEF
POWERS & DUTIES

Subject to the direction and control of the City Manager, the Chief of Police shall be responsible for the supervision and administration of the Police Department and shall require of all police officers the proper discharge of their duties. The Chief of Police shall see to the protection of property and the preservation of peace, order and public safety throughout the City, and to that end, shall cause all violators of City ordinances and of general law to be apprehended and brought to train before the Police Court or other proper tribunal. Under the direction of the City Manager, the Chief of Police shall also perform such duties as may be required of the Chief of Police by this charter, by general law or by ordinance or by order of the City Manager not inconsistent with this Charter or with general law.

Section 34

CHIEF OF FIRE DEPARTMENT
APPOINTMENT QUALIFICATION

The Chief of Fire Department shall be appointed by the City Manager to serve for an indefinite term. The Fire Chief shall be a resident of the State at the time of appointment, and must reside within the County during tenure of office. The Fire Chief shall be a person of proven executive and administrative ability with experience or training in the suppression and prevention of fires.

Section 35

CHIEF OF FIRE DEPARTMENT
POWERS & DUTIES

Subject to the direction and supervision of the City Manager, the Chief of the Fire Department shall be responsible for the supervision and administration of the Fire Department, and shall require of all firemen the proper discharge of their duties. The Fire Chief shall make such inspections of buildings and property throughout the City as may be necessary to discover fire hazards, shall keep an accurate record of all fires, inspections and fire hazards within the City. Under the direction of the City Manager, the Fire Chief shall also perform such other duties as may be required of the Fire Chief by this Charter, by general law or by City ordinance or order of the City Manager not inconsistent with this Charter or with general law.

BUILDING INSPECTOR
ZONING OFFICER

The City Manager shall appoint a Building Inspector for an indefinite term. Subject to the direction and control of the City Manager, the Building Inspector shall be responsible for the supervision and administration of the department of Building Inspection. In addition, except as otherwise provided in the Charter, and subject to the supervision of the City Manager, he shall have the power and it shall be his duty to:

(1) Inspect the construction or repair of all buildings, the installation of all electrical wiring or equipment, and the installation of all plumbing to the extent that such activities are controlled or regulated by the City, for the purpose of seeing that all City regulations are obeyed.

(2) Issue permits for the construction or repair of homes and other buildings upon the payment of such fees as may be fixed by Council, but he shall issue no such permits unless the proposed construction or repair is in conformity with City Zoning laws and regulations.

(3) Supervise all work done by any contractor for the City while the work is being performed.

(4) Make surveys, fix grades and prepare plats, plans and specifications for all improvements which may be undertaken by the City, when required to do so by the City Manager.

(5) Furnish on the demand of any resident the grade of any street or sewer, upon the payment of such fees as may be fixed by Council.

(6) Make complete maps of all streets, alleys, lanes, parks and public property owned by the City. Keep such maps on file in his office and available for public inspection, and furnish a copy thereof to the City Manager.

(7) Require that all pavements, sidewalks, curbs, gutters and sewers in the City are kept clean and repaired.

(8) Perform other such duties as may be required by this Charter, by general law, or by City ordinance or order of the City Manager not inconsistent with this Charter or with general law.

Section 37

DEPARTMENT OF DEVELOPMENT

The Council shall provide for the establishment and the financial support of a City Department of Development as provided in Article 24, Chapter 8, of the Official Code of West Virginia, as amended.

The Department of Development shall be composed of seven (7) members and five (5) shall be appointed by the Council. The five (5) appointed members of the Department of Development shall be freeholders of the City. The Department of Development shall have the powers and shall be the responsibility of the Department of Development to prepare comprehensive plans for the future development of the City, including recommendations concerning needed streets, bridges, parks, parkways, playgrounds, public buildings, and other public improvements. Such plans and recommendations shall be submitted to the City Manager and to Council and other appropriate agencies of the City for such action as the Council or other agencies may deem proper. In addition, members shall be:

One (1) person from each Ward; One (1) person at-large. The City Manager and the Building Inspector shall be ex-officio.

The Department of Development shall submit annually to the City Manager, no later than March 1st (each year) a list of recommended capital improvements, which, in the opinion of the Department of Development, are necessary or desirable to be constructed during the forthcoming five (5) year period. Such list shall be arranged in order of preference, with recommendations as to which projects shall be constructed in which year. The Department of Development shall also act as the board for zoning, and as such, shall have the authority and shall perform the duties prescribed by general law, including the authority and duty to prepare and recommend to Council for enactment any revisions or amendments of the City Zoning ordinance it may deem advisable.

Section 38

BOARD OF ZONING APPEALS
CREATION, MEMBERSHIP,TERMS & VACANCIES

As part of the zoning ordinance, the governing body of the municipality shall create a board of zoning appeals, consisting of five (5) members to be appointed by the City Council.
The members of the board of zoning appeals shall be individuals who are freeholders and residents of the municipality and at least three-fifths of such members must have been residents of the municipality for at least ten (10) years preceding the time of their appointment. No member of the board of zoning appeal shall be a member of the planning commission, nor shall any member hold other

elective or appointive office in the municipal government. Members of the board shall serve without compensation, but shall be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their official duties.

Upon the creation of the board of zoning appeals, the members shall be appointed for the following terms: One (1) for a term of one (1) year; two (2) for a term of two (2) years; (2) for a term of three (3) years. Their term shall expire on the first day of January of the first, second and third year, respectively, following their appointment. Therefore, as their term expires, each new appointment shall be for a term of three (3) years.

If a vacancy occurs, by resignation or otherwise, among the members of the board of zoning appeals, the governing body of the municipality shall appoint a member for the unexpired term.

Section 39

BOARD OF ZONING APPEALS POWERS AUTHORITY AND DUTIES

The Board of Zoning Appeals shall;

(1) Hear and determine appeals from and review any order, requirement, decision or determination made by an administrative official or board changed with the enforcement of any ordinance or rule and regulation adopted pursuant to Chapter 8, Article 24, Section 39-49 of the West Virginia State Code.
(2) Permit and authorize exceptions to the district rules and regulations only in the classes of cases or in particular situations, as specified in the ordinance.

(3) Hear and decide special exceptions to the terms of the ordinance upon which the board is required to act under the ordinance.

(4) Authorize upon appeal in specific cases such variance from the terms of the ordinances will not be contrary to the public interest, where owing to special conditions, a literal enforcement of the provisions of the ordinance will result in unnecessary hardship, and so that the spirit of the ordinance shall be observed and substantial justice done.

In exercising its powers and authority, the board of Department of Development may reverse or affirm, in whole or in part, or modify the order, requirement, decision or determination appealed from as in its opinion ought to be done in the premises, and to this end, shall have all the powers and authority of the official or board from whom or which the appeal is taken.

Section 40

ENFORCEMENT AGENCY

The City Council shall adopt ordinances regulating the repair, alteration or improvement, or the vacating and closing or removal or demolition, or any combination thereof, of any dwellings or other buildings unfit for human habitation due to delapidation, defects increasing the hazard of fire, accidents or other calamities, lack of ventilation, light or sanitary facilities or any other conditions prevailing in any dwellings or building, whether used for human habitation or not, which would cause such dwellings or other buildings to be unsafe, unsanitary, dangerous or detrimental to the public welfare.

The City Council, informally adopting such ordinance, shall designate the Enforcement Agency, which shall consist of the City Manager, Mayor, Building Inspector, and two members at-large, to be selected by, and to serve, at the will and pleasure of the Mayor. The ranking County Health Officer and Fire Chief shall serve as ex-officio members of such Enforcement Agency.

Any ordinance adopted pursuant to the provisions of this section shall provide fair and equitable rules of procedure and any other standards deemed necessary to guide the Enforcement Agency, or its agents, in the investigation of dwelling or building conditions, and in conducting hearings. Provided, that any entrance upon premises for the purpose of making examinations shall be made in such manner as to cause the least possible inconvenience to the persons in possession.

Any ordinance adopted pursuant to the provisions of this section shall provide for the assessment of the cost of such repairs, alterations or improvements or such vacating and closing or removal or demolition, or combination thereof, by order of the Enforcement Agency, and said coast, after the sale for any and all salvaged material is credited to the account, shall be a lien against the real property upon which such cost were incurred. All complaints or orders issued by the Enforcement Agency shall be served with due process and in accordance with the laws of this State.

However, no ordinance shall be adopted without providing therein for the right to apply to the Circuit Court for a temporary injunction restraining the Enforcement Agency pending final disposition of the case. In the event such application is made, a hearing thereon shall be held within twenty (20) days or as soon thereafter as possible, and the court shall enter such final order or decree as the law and justice may require. Cost shall be imposed in such manner as in the discretion of the court shall deem proper. The Enforcement Agency shall meet regularly once each month.

Section 41

CITY HOSPITAL BOARD

There shall be a City Hospital Board, which shall consist of not less than six (6) members and not more then twelve (12) members, who shall be residents of Taylor County, said board to be non-partisan in character and the members of said board to serve without compensation. At all times, at least fifty percent (50%) of said board members must reside within the City limits. The Mayor of Grafton shall be an ex-officio member without vote, except in case of a tie of said board, and the Mayor's term of office as an ex-officio member shall run concurrent with term of office as Mayor. The members of said hospital board were appointed by the Mayor of the City of Grafton by ordinance No. 160 and shall serve for an indefinite period.

In case of vacancies created by any cause whatsoever, that vacancy shall be filled by a majority vote of the City Hospital Board. In case said vacancy or vacancies are not filled by the board within a period of ninety (90) days, said vacancy or vacancies shall be filled by the Mayor, ex-officio member of said hospital board.

The City Hospital Board shall hold at least monthly meetings and at times specified in the by-laws. Special meetings may also be called by a majority of the board members. Officers of the board shall be elected or appointed in accordance with the current by-laws

The Hospital Board shall have complete management of the Grafton City Hospital and, subject to the laws of West Virginia, shall fix a schedule of rates to be charged for service to patients and all other services rendered by said hospital, and shall examine from time-to-time such practices with a view to making necessary adjustments.

The said City Hospital Board shall employ an administrator of said hospital and shall fix the salary of said administrator and prescribe the duties thereof, and shall employ all necessary nurses, employees and agents to conduct said hospital and shall fix the schedule of salaries to be paid said employees.

All powers and duties of said City Hospital Board as hereinbefore set forth shall be exercised and performed subject to, and in conformity with, the provisions and requirements of existing Bond Ordinance Numbers 309 & 339, and amendments thereto, and providing for the rights of the bondholders thereof.

ARTICLE V
BUDGET BUDGET MESSAGE
COUNCIL ACTION

Section 42

FISCAL BUDGET

The fiscal year of the City shall begin on the first day of July and end on the last day of June.

Section 43

SUBMISSION OF BUDGET AND BUDGET MESSAGE

On or before the 15th day of February of each year, the City Manager shall submit to the Council a budget for the ensuing fiscal year and an accompanying message.

Section 44

BUDGET MESSAGE

The City Manager shall explain the budget both in fiscal terms and in terms of the work program. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any Mayor changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the City Manager deems desirable.

Section 45

BUDGET

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year and except as required by law or this Charter, shall be in such form as the City Manager deems desirable or the Council may require. In organizing the budget, the City Manager shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose of activity and object. It shall begin with a clear, general summary of its contents and shall show in detail all estimated income, indicating the purposed tax levy and all proposed expenditures, including debt service for the ensuing fiscal year and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the

preceding fiscal year. It shall indicate in separate section:

(a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by offices, departments and agencies in terms of their respective work programs, and the method of financing such expenditures.

(b) Proposed capital expenditures during the ensuing fiscal year, detailed by offices, departments and agencies when practicable, and the proposed method of financing such capital expenditure.

The Total of proposed expenditures shall not exceed the total of estimated income.

Section 45

CAPITAL PROGRAM

Submission to Council:

The City Manager shall prepare and submit to the Council a five (5) year capital program prior to the final date for submission of the budget.

Contents:

The capital program shall include:

1. A clear, general summary of its contents.

2. A list of all capital improvements which are proposed to be undertaken during the five (5) fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements.

3. Cost estimates, method of financing and recommended time schedule for each such improvement.

4. The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

The above information shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.

Section 46

COUNCIL ACTION ON BUDGET

Notice and Hearing:

At the meeting of the Council at which the budget is submitted, the Council shall determine the time and place of a public hearing. The Council shall publish in one (1) or more news papers of general circulation in the City a notice stating:

The time and places where copies of the message and budget are available for inspection by the public.

The time and place for a public hearing on the budget.

Amendment Before Adoption:

After the public hearing, the Council may adopt the budget with or without amendment.

Adoption:

The Council shall adopt the budget on or before the 28th day of March of the fiscal year currently ending. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated. The budget shall be adopted by ordinance not later then the third Tuesday in April..

Section 48

COUNCIL ACTION ON CAPITAL PROGRAM

The Council shall make known, no less than one month prior to adoption of the Capital Program, the time and place where copies of the Capital Program are available for inspection by the public.

Adoption:

The Council, by resolution, shall adopt the Capital Program with or without amendment on or before the 28th day of March of the current fiscal year.

Section 49

PUBLIC RECORDS

Copies of the Budget and the Capital Program as adopted shall be public record and shall be made available to the public at suitable places in the City.

Section 50

AMENDMENT AFTER ADOPTION

Supplemental Appropriations:

If during the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the Council, by ordinance, may make supplemental appropriations for the year up to the amount of such excess.

Emergency Appropriations:

To meet a public emergency affecting life, health, property or the public peace, the Council may make emergency appropriations. Such appropriations may be made by emergency resolution.

Reduction of Appropriations:

If at any time during the year it appeared probable to the City Manager that the revenues available will be insufficient to meet the amount appropriated, City Manager shall report to the Council without delay, indicating the estimated amount of the deficit, and remedial action taken by him/her and recommendation as to any other steps to be taken. The Council shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may, by ordinance, reduce one or more appropriations.

Transfer of Appropriation:

At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and upon written request by the City Manager, the Council may, by resolution, transfer part or all of any encumbered appropriation balance from one department, office or agency to another.

Limitations & Effective Date:

No appropriations for debt service may be reduced or transferred and no

appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer or appropriations authorized by this section may be made effective immediately upon adoption.

Section 51

LAPS OF APPROPRIATIONS

Every appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned, the purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation.

Section 52

ADMINISTRATION OF BUDGET

Work Programs and Allotments:

At such time as the City Manager shall specify, each department, office or agency shall submit work programs for the ensuing fiscal year showing the requested allotments of its appropriation by periods within the year. The City Manager shall review and authorize such allotments with or without revision as early as possible in the fiscal year. The City Manager may revise such allotments during the year if the City Manager deems it desirable and shall revise them to accord with any supplemental, emergency, reduced or transferred appropriations made pursuant to Section 48, subsection Supplemental or Emergency appropriations.

Payment & Obligations Prohibited:

No payments shall be made or obligation incurred against any allotment or appropriation except in accordance with the appropriations duly made, and unless the City Manager or designee first certifies that there is a sufficient unencumbered balance in such allotment or appropriation and that sufficient funds therefrom are or will be available to cover the claim or meet the obligation when it becomes due and payable.

Any authorization of payment or incurring of obligation in violation of the provisions of this Charter shall be void, and any payment so made illegal, such action shall be cause for removal of any officer who knowingly authorized or made such payment or incurred such obligation, and he /she shall be liable to the City for any amount so paid. However, except where prohibited by law, nothing in this

Charter shall be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds.

ARTICLE VI
DEPARTMENT OF FINANCE

Section 53

FINANCE DIRECTOR
QUALIFICATIONS & APPOINTMENT

The City Manager shall appoint a director of finance, who shall be a person experienced in accounting and budgeting to serve for an indefinite term.

Section 54

FINANCE DIRECTOR
POWERS & DUTIES

Under the direction and control of the City Manager and subject to the provisions of this Charter, the Director of Finance shall be responsible for the proper administration of the financial affairs of the City, and except as otherwise provided by this Charter, or by general law, shall have the power and shall be required to:

Collect:

(1) Collect all taxes, special assessments, license fees and other revenues of the City and receive all other monies payable to the City.

Responsible:

(2) Responsible for the billing of all monies due the City for providing police, fire, sewer, water and garbage services. The Finance Director shall also be responsible for the billing of surcharges, present and future. The Finance Director shall be responsible for the billing and collection of monies due the City for any other purpose not mentioned above.

Have Custody:

(3) Have custody of all funds of the City or of any office, department or agency thereof, and deposit such funds in the financial institution or financial institutions designated by the City Council.

Supervise:

(4) Supervise the purchase, storage and distribution of all equipment and supplies used by any office, department or agency of the City.

(5) Supervise the receipt and disbursement of all monies and control all expenditures to ensure that budget appropriations are not exceeded. No proposed expenditure shall be made unless the Director of Finance shall certify there is available for the purpose an unencumbered balance in the proper item of appropriation.

Maintain:

(6) Maintain a general accounting system for the City and each of its offices, departments and agencies, and keep a separate account for each item of appropriation, the amount paid therefrom, the unpaid obligations charged thereto, and the unencumbered balance.

Prepare:

(7) Prepare for submission to the City Council by the City Manager, a cumulative monthly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the City and each of its offices, departments and agencies.

(8) Prepare for submission to the City Council by the City Manager a complete financial statement and report as of the end of each fiscal year.

Compile:

(9) Compile for use by the City Manager in the preparation of the budget, an estimate of anticipated revenues during the coming year and an estimate of probable expenditures for current expenses and capital improvements.

Perform:

(10) Perform such other duties as may be required of him/her by this charter, by general law, or by City ordinance or order of the City Manager not inconsistent with this Charter or with general law.

(11) The Finance Director, within 90 days after the beginning of each year, shall prepare on a form to be prescribed by the State Tax Commissioner and cause to be published a sworn statement revealing:

(1) The receipts and expenditures of the City during the previous fiscal year arranged under descriptive headings.

(2) The name of each person who received more than $50.00 from any fund during the previous fiscal year, together with the amount received and the purpose for which paid.

(3) All debts of the City, the purpose for which each debt was contracted, its due date, and to what date the interest thereon has been paid. Such statement shall be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall be the City.
Editor Note: For State law and penalties for failure of City officers to perform their prescribed duties thereunder, see WV Code 8-13-23.

Section 55

FINANCE DIRECTOR SALARY

The salary of the Director of Finance shall be set by the City Council.

Section 56

CONTRACT AND PURCHASES

All contracts and purchases by any City officer, department or agency shall be void unless made in conformity with all applicable provisions of general law and of this Charter and with all rules and regulations made as provided in this section.

SEALED COMPETITIVE BIDDING

Sealed competitive bidding shall be required in the case of:

1. All contracts for any improvement costing twenty-five hundred dollars ($2500.00) or more.

2. All purchases of supplies or materials costing fifteen hundred dollars ($1500.00) or more.

3. All purchases of equipment costing one thousand dollars ($1000.00) or more.

4. All contracts for personal services involving the expenditure of five hundred dollars ($500.00) or more.

SEALED BIDDING PROCEDURE

Section 54

In the case of contracts for the construction of any improvement, sealed competitive bids shall be obtained by notice published at least once each week for two (2) successive weeks in two (2) newspapers in the local area. The notice shall refer to necessary specifications and plans, shall invite the submission of bids, and shall specify the date on which the bids will be opened. In the case of contracts and purchases covered by subsections 2, 3 and 4 of Section 53, sealed competitive bids shall be obtained either (a) by published notice inviting bids as in the case of contracts for the construction of improvements or (b) by mailed notice stating the necessary specifications, inviting submission of bids, and stating the date on which the bids will be opened. The first of these methods shall be used unless the Council shall enter an order of record authorizing the use of the second method and stating the reason why such method was authorized. Whether or not it is so stated in the published notice, all bids may be rejected. No City officer, department or agency shall subdivide any contract or purchase for the purpose of evading the requirements of this section with respect to competitive bidding.

The City Council, with respect to any improvements, extensions or additions to the water system, and the Council, with respect to City improvements, under its jurisdiction, shall cause to be prepared accurate and complete maps, plans and specifications therefor, and shall have the authority to cause such work to be done either by the employment of labor and the furnishing of material, or by entering into a contract for the performance of the labor and for the material. If a contract is let for any improvement, the Council shall require the contractor to give sufficient bond with corporate surety to guarantee the faithful performance of the contract and the payment for all labor performed and all materials furnished in the performance of the contract, as provided Section 39, Article 2, Chapter 38 of the Official Code of West Virginia, as amended. Any change or alteration in the contract after it is entered into shall be made only upon resolution passed by the City Council, and shall not be effective until the price to be paid for the work and material or both under the altered or modified contract, shall have been agreed upon in writing and such agreement signed by the contractor and the general manager with the approval of the City Manager with the Council, as the case may be.

The City Council, with respect to contracts and purchases of the Water Department and with respect to contracts and purchases of other city offices, departments and agencies, may by resolution prescribe additional rules and regulations governing the making of contracts and purchases, not inconsistent with general law or with the provisions of this Charter.

In case of an emergency, the City Council may by resolution setting forth the facts constituting the emergency dispense with the requirement of competitive bidding

and with the requirements of its rules and regulations governing contracts and purchases.

Any officer or employee of the City who shall be directly or indirectly interested in any contract with the City or in the profits to be derived therefrom, shall forthwith forfeit his/her office or employment, and in addition thereto, any such contract shall be void and unenforceable against the City The acceptance by any officer or employee of any interest in such contract or of any gift or gratuity from any person, firm or corporation dealing with the City which might influence the officer or employee and in the discharge of his/her duties shall forever disqualify such officer or employee from holding any office or employment in the City government, and in addition, he/she shall be subject to criminal prosecution as provided by general law or by City ordinance.

ARTICLE VII
ELECTIONS INITIATIVE
REFERENDUM & RECALL

Section 57

CITY ELECTIONS

Regular City elections shall be held on the first Tuesday in May, one-thousand nine hundred eighty-six, (1986) and on the first Tuesday in May of every second year thereafter. Special elections shall be held at such times as may be fixed by the City Council in accordance with the provisions of this Charter and general law.

The ballot to be used in City elections shall be prepared by the City Council and shall have set forth thereon in one division the names of all properly nominated candidates for election to membership on the City Council. In the printing of the ballots, the position of the names of the candidates shall be changed in like manner as is provided by general law for the printing of official primary ballots. The ballots shall state that the election is non-partisan and shall clearly indicate the number of candidates for each office for whom the voter is entitled to vote. At least ten (10) days before the election, a sample ballot showing the names of all properly nominated candidates shall be published once in two (2) newspapers published in the City in the same manner as provided by law for the publication of the list of nominations in a general election.

Except as otherwise provided in the Charter, City elections shall be conducted and the result determined and certified in accordance with the provisions of general law with respect to primary, general and special elections, so far as they are applicable, except that the duties devolving upon the County Court and the Clerk thereof under the general laws for conducting elections shall be performed by the City Council and the City Clerk. The City Council shall appoint three (3) commissioners and two (2) Clerks to serve as election officials in each precinct in the City. At least

three (3) days before the date of the election, the City Clerk shall procure deem the Clerk of the County Court the necessary registration records and other election supplies and shall deliver them, together with the ballots, to the election officials. The election officials shall, as soon as possible after the closing of the polls on election day, return to the City Clerk the ballots, tally sheets, certificates of the results of the election, registration records, ballot boxes and other election supplies. On the first Monday following the election, the City Council shall canvass the returns of the election and declare the result. In the case of a contest, the City Council shall be the judge of the election and qualifications of all City officials.

Election Cost:

The cost incurred in holding and conducting regular City elections, after deducting all nomination fees received in connection therewith, shall be paid out of the City General Fund Revenues. The cost of conducting special election shall be paid out of City General Fund Revenues.

Section 58

NOMINATION OF CANDIDATES
FILING OF PETITIONS
NOMINATION FEE

Any person eligible to hold the office of councilmember may be nominated as a candidate therefor by petition of not less than twenty five (25) nor more than fifty (50) qualified voters of the Ward in which they reside. The Councilmember at-large shall present the same type of petition but the signatures shall be from the City at large. If a petition is signed by more than fifty (50) persons, the last signature in excess of that number shall be disregarded even though some of the other signatures are void.

The petition, substantially in the form set forth in the following section, shall be personally signed by each of the voters, shall give his home address and the date on which he signed, shall state that he is a qualified voter of the City, and shall state that he has signed no other petition nominating a candidate for the same office in the coming election. If a voter signs petitions for more than one (1) candidate for the same office, his signature shall be invalid, except as to the first such petition signed by him/her. Any signature made earlier than the first day of February. next preceding the election shall be void. The signatures to a nominating petition need not be appended to one (1) paper but to each separate paper there shall be attached the affidavit of the circulator thereof stating that each signature thereon was made in his/her presence, that to the best of his/her knowledge and belief each signer is a qualified voter of the City and that no signature was made earlier than the first day of February preceding.

The complete petition, including the necessary affidavits, together with a nomination fee of twenty-five dollar ($25.00) and a signed statement of the

candidate that he/she is a qualified voter of the City and has resided therein for at least one (1) year and that he/she accepts the nomination and will serve if elected, shall be filed with the City Clerk not earlier than the first day of March nor later than 5:00 PM on the fifteenth day of March preceding the election. The City Clerk shall make a record of the exact time each petition was filed and the name and address of the person by whom it was filed.

Each petition so filed shall, within ten days thereafter, be submitted by the City Clerk to the City Council for its immediate determination as to its sufficiency. If a petition or any of its accompanying papers is found by the City Council to be insufficient because of a failure to meet any of the requirements of this section, the City Clerk shall, within three (3) days thereafter, return the petition to the person who filed it with a statement setting forth the reason for its return. At any time not later than the fifth day of April preceding the election, the petition may be amended and filed again as a new petition or a different petition may be filled for the same candidate.

In case there shall not be nominated by petition a number of candidates for any officer equal to the number of persons to be elected to such office at any election, then the City Council. for the office of councilmember, shall on or before the twenty-fifth (25th day preceding the election make by appropriate resolution such additional nominations of candidates for the office as may be necessary to provide the number of candidates to be elected to such office. The nomination of any person by such resolution shall, however, not be completed unless the person so nominated pay to the City Clerk a nomination fee of twenty-five dollars ($25.00) and file with the City Clerk a signed statement that he/she is a qualified voter of the City and has resided therein for at least one (1) year before his nomination and that he/she accepts the nomination and will serve if elected.

All nomination fees shall be deposited by the City Clerk in the general fund of the City and used to help defray the costs of the election.

In the case of the first election held under this Charter, all duties of the City Council and City Clerk, with respect thereto, shall be performed by the existing City Council and City Clerk.

Section 59

FORM OF NOMINATING PETITION AND ACCEPTANCE OF NOMINATION

The City Clerk shall prepare and furnish printed forms for nominating petitions and for the acceptance of nominations, substantially in the form set forth in this section.

(see next two pages for samples)

NOMINATING PETITION

We, the undersigned qualified votes of the City of Grafton, West Virginia hereby nominate _____, whose residence is _____, Grafton, West Virginia, as a candidate for the office of member of the City Council of the City of Grafton, West Virginia, to be voted for at the election to be held on the_____ day of May, 19 _____.

We individually certify that we are qualified voters of the City of Grafton, that we have not signed any other petition nominating a candidate for the office of member of the City Council to be voted for at such election. We further certify that we have each affixed opposite our signature, the correct address of our residence in the City of Grafton.

_____	_____	_____
Name	Street and Number	Date

(SPACES FOR SIGNATURES AND REQUIRED DATA)

_____, residing at _____ in the City of Grafton, being duly sworn, deposes and says that he/she is the circulator of this paper, being part of a nominating petition, that the signatures appended thereto were made in his presence and are the genuine signatures of the person who signed the petition, that, to the best of his knowledge and belief, such persons are qualified voters of the City, and that no signature was made before the first day of February of this year.

_____
Signature of Circulator

Taken, subscribed and sworn to before me this ___day of_____ 19____.

_____
Notary Public

My Commission Expires: _____

ACCEPTANCE OF NOMINATION

I, _____, whose residence is _____ _____, Grafton, West Virginia, hereby accept nomination as a candidate for the office of member of the City Council of the City of Grafton, and I agree to serve if elected to the office at the election to be held on the _____day of May, 19_____.

I further certify that I am a qualified voter of the City of Grafton, and that I have resided therein for at least one year prior to this date. Given under my hand this___ day of _____ , 19_____.

_____

Signature of Candidate

Section 60

POWER OF RECALL

The qualified electors shall have the power to recall any member of City Council, whether elected by popular vote or selected to fill a vacancy, and may exercise such power by filing with the City Clerk a petition signed by qualified electors of the City equal in number to at least twenty (20) percent of the registered voters at the last general municipal election. The petition shall be signed and verified in the manner required for an initiative petition, shall contain a demand for the removal of the Councilmember or members, and shall contain a general statement of the reasons for which the removal is sought.

Section 61

ELECTION UNDER RECALL PETITION

The City Clerk shall, in the manner hereinafter provided for initiative and referendum petitions, certify to City Council the sufficiency of the recall petition. Thereafter, City Council shall cause a special election to be held in not less than forty-five (45) days nor more than ninety (90) days from the date of such certification/ The published notice of such special election shall contain the reason for demanding the recall in not more than two Hundred (200) words and a justification by the Councilmember within the same limits; however, if the petition seeks to recall more than one councilmember, each councilmember may provide a justification of not more than one hundred (100) words. Ballots shall be in the format:

"Shall _____ be removed from

the City Council of the City of Grafton?

_____"for" the recall of _____

_____"against" the recall of _____

Upon notification by City Council of the results of the election, if a majority of those voting on the question have favored recall, the office of the Councilmember so recalled shall be vacant. Provisions of this Charter with respect to general municipal election shall determine election procedure insofar as applicable.

Section 62

FILLING COUNCIL VACANCY CAUSED BY RECALL

When a vacancy occurs as the result of a recall election or when a councilmember resigns after a recall petition certified by the City Clerk to be sufficient is presented to City Council, the vacancy shall be filled in accordance with the provisions of Section 14 of this Charter.

Section 63

POWERS OF INITIATIVE

The electors shall have power to purpose any ordinance, except an ordinance appropriating money or authorizing the levy of taxes, and to adopt or reject the same at the polls, such power being known as the initiative. Any initiated ordinance may be submitted to the City Council by a petition signed by qualified electors of the City equal in number to at least ten (10) percentum of the registered votes at the last regular municipal election.

Section 64

POWER OF REFERENDUM

The electors shall have power to approve or reject at the polls any ordinance passed by the City Council or submitted by the City Council to a vote of the electors, such power being known as the referendum. Ordinances submitted to the City Council by initiative petition and passed by the City Council without change shall be subject to the referendum in the same manner as other ordinances. Within twenty (2) days after the enactment by the City Council of any ordinance which is subject to a referendum, a petition signed by qualified electors of the City equal in number to at least ten (10) percentum of the registered votes at the last preceding regular municipal election may be filed with the City Clerk requesting that any such ordinance be either repealed or submitted to a vote of the electors.

Section 65

FORM OF PETITIONS COMMITTEE OF PETITIONERS

All petition papers circulated for the purpose of an initiative or referendum shall be uniform in size and style. Initiative petition papers shall contain the full text of the proposed ordinance. The signatures to initiative or referendum petition need not all

be appended to one paper but to each separate petition there shall be attached a statement to the circulator thereof as provided by this section.

Each signer of any such petition paper shall sign his name in ink or indelible pencil and shall indicate after his name his place of residence by street and number or other description sufficient to identify the place. There shall appear on each petition the names and addresses of the same five (5) electors, who, as a committee of the petitioners, shall be regarded as responsible for the circulation and filing of the petition. Attached to each separate petition paper, there shall be an affidavit of the circulator thereof that he/she and only he/she, personally circulated the foregoing paper, that it bears a stated number of signatures, that all signatures appended thereto were made in his/her presence, and that he/she believes them to be the genuine signatures of the persons whose names they purport to be.

Section 66

PETITIONS
EXAMINATION AND CERTIFICATION

All petition papers comprising an initiative or referendum petition shall be assembled and filed with the City Clerk as one (1) instrument. Within twenty (20) days after petition is filed, the City Clerk shall determine whether each paper of the petition has a proper statement of the circulator and whether the petition is signed by a sufficient number of qualified electors. The City Clerk shall declare any petition paper entirely invalid which does not have attached thereto an affidavit signed by the circulator thereof. If a petition paper is found to be signed by more persons then the number of signatures certified by the circulator, the last signatures in excess of the number certified shall be disregarded. If a petition paper is found to be signed by fewer persons than the number certified, the signatures shall be accepted unless void on other grounds. After completing his/her examination of the petition, the City Clerk shall certify the result thereof to the City Council at its next regular meeting. If he/she shall certify that the petition is insufficient he/she shall set forth in his/her certificate the particulars in which it is defective and shall at once notify the committee of the petitioners of his/her findings.

Section 67

SAME
AMENDMENTS

An initiative or referendum petition may be amended at any time within ten (10) days after the notification of insufficiency has been sent by the City Clerk, by filing a supplementary petition upon additional papers signed and filed as provided in case of an original petition.

The City Clerk shall, within five (5) days after such an amendment is filed, make

examination of the amended petition, and if the petition be still insufficient, he/she shall file his/her certificate to that effect in his/her office and notify the committee of the petitioners of his/her findings and no further action shall be had on such insufficient petition. The findings on the insufficiency of the petition shall not prejudice the filing of a new petition for the same purpose.

Section 68

SAME
EFFECT

When a referendum petition or amended petition, as defined in Section 65 of this Charter has been certified as sufficient by the City Clerk, the ordinance specified in the petition shall not go into effect or further action thereunder shall be suspended if it shall have gone into effect until and unless approved by the electors, as hereinafter provided.

Section 69

SAME
CONSIDERATION BY COUNCIL

Whenever City Council receive a certified initiative or referendum petition from the City Clerk, it shall proceed at once to consider such petition. A proposed initiative ordinance shall be read and provision shall be made for a public hearing upon the proposed ordinance. The City Council shall take final action on the ordinance not later than sixty (60) days after the date on which such ordinance was submitted to the City Council by the City Clerk. A referred ordinance shall be reconsidered by the City Council and its final vote, upon such reconsideration, shall be upon the question, "Shall the ordinance specified in the referendum petition be repealed?"

Section 70

SAME
SUBMISSION TO ELECTORS

If the City Council shall fail to pass an ordinance proposed by initiative petition or shall pass it in a form different from that set forth in the petition therefor, or if the City Council fails to repeal a referred ordinance, the proposed or referred ordinance shall be submitted to the electors not less than thirty (30) days nor more than one (1) year from the date the City Council takes its final vote thereon. The City Council may, if no regular election is to be held within such period, provide for a special election.

Section 71

FORM OF BALLOT FOR INITIATED & REFERRED ORDINANCES

Ordinances submitted to vote of the electors in accordance with the initiative and referendum provisions of this Charter shall be submitted by ballot title, which shall be prepared in all cases by the City Attorney of the City. The ballot title may be different from the legal title of any such initiated or referred ordinance and shall be a clear, concise statement, without argument or prejudice, descriptive of the substance of such ordinance. The ballot title the following propositions, one above the other, in the order indicated: "FOR THE ORDINANCE " and "AGAINST THE ORDINANCE." Immediately at the left each proposition, there shall be a square in which by making a cross (x), the elector may vote for or against the ordinance. Any number of ordinances may be voted on at the same election and may be submitted on the same ballot. A ballot used for voting thereon shall be for that purpose only.

Section 72

AVAILABILITY OF LIST OF QUALIFIED ELECTORS

If any organization or group requests it for the purpose of circulating descriptive matter relating to the ordinance to be voted on, the board of electors of City Clerk or other office, department or agency of the City having the list of qualified electors shall either permit such organization or group to copy the names and addresses of the qualified electors or furnish it with a list thereof.

Section 73

RESULTS OF ELECTION

If a majority of the electors voting on a proposed initiative ordinance shall vote in favor thereof, it shall thereupon be an ordinance of the City. A referred ordinance which is not approved by a majority of the electors voting thereon shall thereupon be deemed repealed. If conflicting ordinances are approved by the electors at the same election, the one receiving the greatest number of affirmative votes shall prevail to the extent of such conflict.

Section 74

PUBLICATION OR REPEAL OF ORDINANCES

Initiative and referendum ordinance adopted or approved by the electors shall be published and be amended or repealed by the City Council, as in the case of other ordinances.

ARTICLE VIII
GENERAL PROVISIONS

Section 75

GENERAL PROVISIONS FOR SERVICES

The City of Grafton shall at all times provide adequate police and fire protection, water and sewage service, and garbage collection for all City residents.

Section 76

RIGHT OF CITY MANAGER & OTHER OFFICERS IN COUNCIL

The City Manager, the head of all departments, and such other officers of the City as may be designated by vote of the City Council, shall be entitled to seats in the Council but shall have no vote therein. The City Manager shall have the right to take part in the discussion of all matters coming before the City Council, and the directors and other officers shall be entitled to take part in all discussions of the City Council relating to their respective offices, departments or agencies.

Section 77

INVESTIGATION BY COUNCIL OR BY CITY MANAGER

The City Council and the City Manager or any person or committee authorized by either of them, shall have power to inquire into the conduct of any office, department, agency or officer of the City and make investigation as to municipal affairs and do any and all things in the conduct of such inquiry as may be prescribed by law.

Section 78

CITY RECORDS TO BE PUBLIC

All records and accounts of every office, department or agency of the City shall be open to inspection by any citizen, any representative of a citizens' organization or any representative of the press at all reasonable times and under reasonable regulations established by the City Council, except records and documents the disclosure of which would tend to defeat the lawful purpose which they are intended to accomplish.

Section 79

BONDS OF OFFICERS, EMPLOYEES AND MEMBERS OF COUNCIL

All officers, employees and members of City Council shall give bond in such amounts and with such surety as may be approved by the City Council. The premiums on such bonds shall be paid by the City.

Section 80

OATH OF OFFICE

Every officer of the City shall, before entering upon the duties of his/her office, take and subscribe to the following oath or affirmation, to filed and kept in the office of the City Clerk.

"I _____name_____ solemnly swear (or affirm) that I will support the constitution and will obey the laws of the United States and the State of West Virginia, that I will, in all respects, observe the provisions of this Charter and ordinances of the City of Grafton and will faithfully discharge the duties of the office of _____."

Section 81

EFFECT OF CHARTER

This Charter shall entirely supersede the present Charter of the City of Grafton. All legislative and administrative acts or rules theretofor adopted by the governing body and administrative agencies of the City of Grafton which are inconsistent or in conflict with this Charter, shall continue in force for sixty (60) days after the effective date of the Charter, unless sooner modified or repealed by competent authority, but at the end of this period, shall be the extent, of such inconsistency or conflict, be of no further force or effect.

Insofar as the provisions of this Charter are the same in terms in substance and effect as provisions of law in force when this Charter shall take effect, relating to or affecting the City of Grafton, the provisions of this Charter are intended to be not a new enactment but a continuation of such provisions of law, and this Charter shall be so construed and applied.

Section 82

AMENDMENT TO CHARTER

Amendments of this Charter shall be made in accordance with the general laws of this State.

Section 83

SEVERABILITY OF CHARTER PROVISIONS

If any section or part of section of this Charter shall be held invalid by a court or competent jurisdiction, such holdings shall not affect the remainder of this Charter nor the context in which such section or part of section so held invalid may appear, except to the extent that an entire section or part of section may be inseparably connected in meaning and effect with the section or part of section to which such holding shall directly apply.

Section 84

FUNDING SERVICES; COMMITTEES; COMMISSIONS

By virtue of this Charter, City Council is hereby charged with the responsibility of adequately funding all services, committees and commissions of the City of Grafton to the best of their prudent ability. Services including water, police, fire, garage, etc. shall be budgeted separately (line item) in the annual budget of the City of Grafton

City Council may have created or will create by ordinance other committees, commissions boards, etc. City Council shall also provide adequate funds and support for theses groups and budget for them separately (line item) in the annual City budget.

Through the year, the City of Grafton, has acquired many valuable assets. City Council shall also provide adequate funding for the protection and preservation of all major City assets.

ARTICLE IX
SUCCESSION

Section 85

RIGHTS OF OFFICERS AND EMPLOYEE PRESERVED

Nothing in the Charter contained, except as specifically provided, shall affect or impair the rights and privileges of officers or employees of the City or of any office, department or agency existing at the time when this Charter shall take effect, or any provision of law in force at the time when this Charter shall take effect and not inconsistent with the provisions of this Charter in relation to the personnel, ranks, grades, tenure of office, promotion, removal, pension and retirement rights, civil rights or any other rights or privileges of officers or employees of the City or any office, department or agency thereof.

Section 86

CONTINUANCE OF OFFICERS

All persons holding administrative office at the time this Charter takes effect shall continue in office and in the performance of their duties until provision shall have been made in accordance therewith for the performance of such duties or the discontinuance of such office. The powers conferred and the duties imposed upon any office, department or agency of the City by the laws of the State shall, if such office, department or agency, be abolished by this Charter, or under its authority, be thereafter exercised and discharged by the office, department or agency designated by the Council unless otherwise provided herein.

Section 87

TRANSFER OR RECORDS AND PROPERTY

All records, property and equipment whatsoever of any office, department or agency or part thereof, all the powers and duties of which are assigned to any other office, department or agency by this Charter, shall be transferred and delivered to the office, department or agency to which such powers and duties are so assigned. If part of the powers and duties of any office, department or agency or part thereof are by this Charter assigned to another office, department or agency, all records, property and equipment relating exclusively thereto shall be transferred and delivered to the office, department or agency to which such powers and duties are so assigned.

Section 88

CONTINUITY OF OFFICERS DEPARTMENTS OR AGENCIES

Any office, department or agency provided for in the Charter with a name or with powers and duties the same or substantially the same as those of an office, department or agency heretofore existing shall be deemed to be a continuation of such office, department or agency and shall exercise its powers and duties in continuation of their exercise by the office, department or agency by which the same were heretofore exercised and shall have power to continue any business, proceeding or other matter within the scope of its regular powers and duties commenced by an office, department or agency by which such powers and duties were heretofore exercised. Any provision in any law, rule, regulation, contract, grant or other document relating to such a formerly existing office, department or agency shall, so far as not inconsistent with the provisions of this Charter, apply to such office, department or agency provided for by this Charter.

Section 89

CONTINUANCE OF CONTRACTS AND PUBLIC IMPROVEMENTS

All contracts entered into by the City or for its benefit prior to the taking effect of this Charter shall continue in full force and effect. Public improvements for which legislative steps have been taken under laws or Charter provisions existing at the time this Charter takes effect may be carried to completion as nearly as practicable in accordance with the provisions of such existing laws and Charter provisions.

Section 90

PENDING ACTIONS AND PROCEEDINGS

No action or proceeding, civil or criminal, pending at the time when this Charter shall take effect, brought by or against the City or any office, department or agency or officer thereof, shall be affected or abated by the adoption of this Charter or by anything therein contained, but all such actions or proceedings may be continued notwithstanding that functions, powers and duties of any office, department or agency or officer party thereto may by or under this Charter be assigned or transferred to another office, department or agency or officer, but in that event the same may be prosecuted or defended by the head of the office, department or agency to which such functions, powers and duties have been assigned or transferred by or under this Charter.

Section 91

EFFECTIVE DATE OF CHARTER

Upon the adoption of this Charter, its provisions shall immediately be in force for the purpose of doing all things required for the nominating and electing of members of the City Council, the special election to be held on Tuesday, April 30, 1985. The Councilmembers in office under the present Charter shall continue in office until July 1, 1986.

ARTICLE X
DISORDERLY CONDUCT, ETC.

Section 92

DISORDERLY CONDUCT, ETC. PROHIBITED AT MEETINGS OF CITY COUNCIL ADMINISTRATIVE BOARDS & COUNCIL COMMITTEES

(A) It shall be unlawful for any person to behave in a boisterous or disorderly manner at any meeting of the City Council, Council committee or administrative board thereof, or cause a disturbance thereat whether by force, shouting or other words or actions tending to disrupt such meetings, or fail or refuse to obey any ruling or order of the officer presiding at such meeting relative to the orderly procedure thereof.

(B) Boisterous or disorderly behavior within the purview of subsection (A) of this section shall include, but is not limited to, any of the following acts:

1. Contemptuous or insolent behavior towards the presiding officer or any member of the City Council, council committee or administrative board of the City Council or its City Clerk, sergeant-at-arms or any other officer, while the City Council, council committee or administrative board is in session.

2. Any breach of peace, willful disturbance or indecent conduct in the presence of such council, committee or administrative board while so engaged or so near as to obstruct its proceedings.

3. Violence or threats of violence to any member of such City Council, council committee, administrative board or any officer, witness or party going to, attending or returning from any City Council, council committee or administrative board

proceeding in respect to anything done or to be done in the course of such proceedings.

4. Willful resistance to any lawful order of the presiding officer or sergeant-at-arms at any such meeting.

SUMMARY OF CHARTER CHANGES

Boundaries and Wards: descriptive wording omitted and an editor's note used to inform map is on file in City Clerk's office.

Form of Government: complete description given for "manager plan" as outlined in State Code.

Powers of City generally: kept much the same, except the sentence "The City shall have the right to abandon alleys and rights-of-ways, however City Council shall ascertain that no citizen be injured as a result of the abandonment and the City of Grafton will benefit by the abandonment.

City Council: City Council to serve staggered four (4) year terms, to be nominated from Wards, elected by voters of the City at large Election in May, 1986 persons in Ward one (1) and the at-large candidate would serve two (2) years. Wards 2, 3, and 4 would serve four (4) years and in the next election Ward one (1) and the at-large candidates would serve a full four (4) year term, and etc.

Salaries: $50 per meeting for councilmembers not to exceed $100 per month, and $60 per meeting for the Mayor, not to exceed $120 per month.

Conflicts of interest and penalties: new section.

Mayor: given right to vote on all matters in which a vote of council is required. Mayor shall appoint a sergeant-at-arms for all council meetings.

If at any time three (3) members of council are serving by appointment, they a special election will be held to re-elect the council.

City Manager: remains much the same except residency requirement changed. New Charter states he must reside within county while in office. Also must be evaluated by Council at least annually. Descriptive procedure given for removal. Rules outlined for naming an acting City Manager.

Forfeiture of office: new section.

City Clerk: must reside within county while in office and the duties are outlined.

Codification of ordinances: journal of ordinances must be kept on all ordinances in effect at time of new Charter plus any future ordinances.

Article 4: Administrative Boards new section includes police judge, police chief, fire chief, building inspector, city planning commission, Board of zoning appeals, enforcement agency, city hospital board, and board of parks and recreation.

Article 5 Budget: almost totally rewritten and includes a capital program.

Article 6 Department of Finance: item #11, concerning financial statement, is a new addition.

Contracts and improvements: bidding required for improvements costing over $2,500; supplies and materials costing over $1,500; equipment costing over $1,000; and personal services over $500. A new section was added which explains in detail all action on contracts and improvements.

Power of Recall: new section.

Election under recall petition: new section.

General provisions for services: new section.

Article 10 Disorderly conduct prohibited: new section disorderly conduct will be prohibited at all meetings of City Council, boards, or committees. This includes boisterous or disorderly manner whether by shouting, force, willful disturbance, and etc. Complete outline given in Charter.

NEW SECTION ADDED TO CHARTER INCLUDES:

Conflicts of interest and penalties
Forfeiture of office
Codification of ordinances
Administrative boards
Budget (nearly completely revised)
Contracts and improvements
Power of Recall
Election under recall petition
General provisions for services
Disorderly conduct.

OATH OF OFFICE

STATED OF WEST VIRGINIA)
TAYLOR COUNTY)
CITY OF GRAFTON)

TO WIT:

I, Chesley Rogers, Jr., do solemnly swear that I will support the Constitution of the United States and of the State of West Virginia, and that I will faithfully discharge the duties of the office of WARD II, Councilman, the best of my skill and judgement.

Chesley Rogers, Jr.

Chesley Rogers, Jr.

7-1-96

Date

OATH OF OFFICE

STATED OF WEST VIRGINIA)
TAYLOR COUNTY)
CITY OF GRAFTON) TO WIT:

I, Jeffery L. Tansill, do solemnly swear that I will support the Constitution of the United States and of the State of West Virginia, and that I will faithfully discharge the duties of the office of WARD II, Councilman, the best of my skill and judgement.

Jeffery L. Tansill

Jeffery L. Tansill 1-7-97

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, Thomas L Horacek, do solemnly swear that I will support the Constitution of the United States and of the State of West Virginia, and that I will faithfully discharge the duties of the office of WARD IV, Councilman, the best of my skill and judgement.

Thomas L. Horacek

Thomas L. Horacek

Taken, subscribed and sworn before me this 1 day of July, 1998

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GWEN M. BASFORD
403 GAY ST.
GRAFTON, WV 26354
My Commission Expires June 11, 2007

Gwen M Basford

Notary Public

My Commission Expires:

June 11, 2007

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, Beryl Riley, do solemnly swear that I will support the Constitution of the United States and of the State of West Virginia, and that I will faithfully discharge the duties of the office of WARD II, Councilman, the best of my skill and judgement.

Beryl E Riley

Beryl Riley

Taken, subscribed and sworn before me this 1 day of July, 1998

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GWEN M. BASFORD
458 GAY ST.
GRAFTON, WV 26354
My Commission Expires June 11, 2007

Gwen M Basford

Notary Public

My Commission Expires:
June 11, 2007

Oath of Office

I, James Lawrence Morgan, do solemnly swear, that I will support the Constitution of the United States, and of the State of West-Virginia, and that I will faithfully discharge the duties of the office of Ward III, Councilman, to the best of my skill and judgment.

James Lawrence Morgan
JAMES LAWRENCE MORGAN

WITH THE UNITED STATES ARMED FORCES
IN EUROPE APO AE 09789

I, the undersigned, certify that I am a duly commissioned, qualified, and authorized notary public. Before me personally, within the territorial limits of my warrant of authority, appeared James Lawrence Morgan, who is known to me to be the person who is described herein, whose name is subscribed to, and who signed this Oath of Office, and who, having been duly sworn, acknowledged that this instrument was executed after its contents were read and duly explained, and that such execution was a free and voluntary act and deed for the uses and purposes herein set forth.

Subscribed, sworn to, and acknowledged before me on 1 July 1998, by the declarant, who is known to me to be a member of the Armed Forces of the United States serving on Active Duty. This acknowledgment is executed in my official capacity under the authority granted by Title 10, United States Code, Section 1044a, which also states that no seal is required on this acknowledgment.

(SIGN) Elizabeth A. Jaenicke
ELIZABETH A. JAENICKE
CPT, JA
Assistant Staff Judge Advocate

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLORY COUNTY)
CITY OF GRAFTON) TO WIT:

I, Kevin M. Stead, do solemnly swear that I will support the Constitution of the United States and of the State of West Virginia, and that I will faithfully discharge the duties of the office of the Grafton City Manager to the best of my skill and judgment so help me God.

Kevin M Stead
Kevin M. Stead

Taken, subscribed and sworn before me this __4th__ day of November, 1999.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GWEN M. BASFORD
498 GAY ST.
GRAFTON, WV 26354
My Commission Expires June 11, 2007

Gwen M Basford
Notary Public

My Commission Expires:

June 11, 2007

Regular Meeting
Grafton City Council

Tuesday, 5 August 1997
6:30 P. M.

I. The regular meeting of Grafton City Council was called to order by Mayor Daniel Mankins at 6:30 p.m. on 5 August 1997. The invocation was given by Mayor Mankins.

II. The pledge of allegiance was recited by those present.

III. Roll Call

Present were Councilmen Chesley Rogers, Beryl Riley and Jeffery Tansill; Vice-Mayor Thomas Horacek and Mayor Daniel Mankins.

Also present were City Manager Donna Hoyler, City Attorney Frances Whiteman, Finance Director Larry Richman, Director of Public Works Gerald Weber and City Clerk Shirley Dougherty.

IV. Minutes of Regular Council Meeting, 15 July 1997

Motion by Mr. Rogers to approve the minutes of Tuesday, July the 15th as distributed. Seconded by Mr. Horacek. Motion carried.

V. City Manager's Report

A. State Treasurer John Perdue visited Taylor County yesterday at the request of the Grafton Improvement Project Committee. They took him around to various areas. He toured city hall. It was nice he visited all the different departments, kind of a whirlwind tour. It was nice that all of the kids in the Grafton Improvement Project for taking the initive to get various state officials here to learn about Taylor County, learn about Grafton and the situation we're facing and what improvements we hope to make. I think they may have gotten a better response than we could of with the same invitation quite frankly, because it is kind of unusual to have the youth very active in the community and actively promoting improvements in various areas.

B. On our gas tank leak, I'm pleased to report the corrective action plan was accepted by our DEP inspector. Right now we are waiting for some comments from the DEP geologist, but the inspector would like us to proceed with the soil excavation and remediation. I talked with Earth Tech about it, because they have to monitor when we excavate it. We'll be doing the excavation ourselves and we'll be putting the soil out by the dog-pound thru an agreement with the county. And we'll be able to turn it there and remediate it and then it can just be spread in that area, unless we find another need for it elsewhere. There are some monitoring soil tests and water tests that will have to be done, so Earth Tech is putting together a cost estimate and I'll have it ready for the next council meeting. DEP kind of said they'd like to get it started late August, early September if possible.

C. In the street department, the pothold patching is almost complete. They're working in Lucretia and they hope to finish within a week. Once they finish Lucretia, it's just some spot patching in various locations. Then the crew will start trimming branches on the street. Right now we have the prisoners busy repairing city steps where we've got concrete that's worn away and steps that are really becoming a safety hazard. All of the city steps are being looked at and repaired as needed. Once the prisoners are done with that then they'll help with

certain amount. So if somebody wanted to replace a porch, then the cost would be - they'd have to spend a thousand dollars to get $500. We're offering a pretty good deal really.

Mr. Riley - Who is the Historical Landmark Committee?

Mrs. Hoyler - That's the group of five people within the city that was appointed by council. They review everything to do with the downtown district historical sites.

Mr. Riley - They also have to approve this?

Mrs. Hoyler - Only buildings that are classified as historical buildings. That's part of our ordinance on building code.

Mr. Mankins - I'd like to suggest that maybe we split the difference with those two figures and set aside $12,500. as a figure that we would put into this fund. We have no renewal funds for this but at least we've got the process set up and when funds become available than we can continue to put them in this account.

Mr. Riley - That's going to become a problem at the termination of these funds that appropriate. Then you put them on a waiting list, it may never happen again, if we don't get the funds.

Mr. Mankins - That's very possible. It hasn't happened in the past that I know of. I think it's a positive step to try to reach out and maybe if it works maybe that will get us off the stick to make it a permanent fund.

Mr. Riley - The only thing I hop they understand if they're put on a waiting list, they may still be on there.

Mr. Mankins - I think we need to be real up front about that.

Motion by Mr. Riley to change the amount to $12,500. and accept the draft. Seconded by Mr. Tansill. Motion carried.

F. City Clerk Position

Mr. Mankins - I don't know if everybody knew it or not, you are participating in history tonight. This is our city clerks swan song. It is her last time to act in her official duty as clerk of the works for council. We're very appreciative of everything Shirley has done. She's filled this position very, very well. We're sorry to see her go, but happy to see her retire.

Council did advertise for applicants for the position of city clerk. That position is answerable by charter to city council. We had nine applicants. We screened those applications and had interviews. The committee that was composed of Councilman Horacek, Councilman Riley and myself have come up with a candidate that we would like to recommend to council tonight as the new city clerk of Grafton. At this time I would like to report to the full council and the citizens gathered here that the committee is recommending that Mrs. Gwen Basford be appointed this evening by council as the new city clerk of Grafton. Mrs. Basford has paralegal background and working with the public. I think as Shirley can tell you, handling the public

City Clerk - That's the biggest part of the job.

Mr. Mankins - As we have said that door is a funnel to the rest of the Grafton city business. It is very important that it be handles the way it was. We want to thank the other applicants for applying. We will keep those applications on file in case of other things come about. We are appreciative of the interest they have shown.

Motion by Mr. Horacek to appoint Gwen Basford as the new city clerk. Seconded by Mr. Riley. Motion carried.

Mr. Mankins - Shirley as one of your last official duties will you notify Mrs. Basford that she has been appointed officially.

IX. New Business

A. Paying of Bills

Second listing of six accounts with a total of $120,157.58.

Motion by Mr. Rogers to pay the bills in the amount of $120,157.58. Seconded by Mr. Horacek. Motion carried.

X. Citizen's Voice

A. Art Smith, Warder Avenue

I'm wondering what we have to do to get a dead end sign at the end of Beech Street. There are a lot of campers from out of town. They miss the shoot and come up Beech Street to a dead end and then they have to back out. A lot of tractor trailers come up there. They have a hard time.

Mr. Mankins - You talking about Beech and Walnut?

Mr. Smith - Yes. Somewhere down there by the library. You can't make turns with this bid trucks.

Mr. Mankins - That's a very good point. It is simply solved. We'll look into it. That's something that those of us that don't live over there wouldn't be aware of.

Mr. Horacek - It's gotten a lot worse wice they put up the chain at the school.

Mr. Mankins - They can't back in there.

Mr. Horacek - That's where the problem really started.

Mr. Mankins - One solution creates another problem. Thank you for pointing that out to us. We appreciate it.

XI. Executive Session - Legal and Personnel Issues

Motion by Mr. Horacek to go into executive session. Seconded by Mr. Tansill. Motion carried.

Adjourned to executive session at 7:31 p.m. The meeting was called back to order at 7:50 p.m. While in executive session we did discuss a personnel issue and a legal issue. No action was taken.

XII. Council Member's Hearing.

A. Mr. Riley - I want to wish Shirley a happy retirement. I don't want her to get a swelled head beings were neighbors. She'll travel so far she won't eant to come back to holler hello at me.

City Clerk - I'm sure you can stand on your front porch and I'll stand in my back yard and we'll wave to each other.

ORDINANCE NO. 652

AN ORDINANCE AMENDING ORDINANCE 598, THE CITY OF GRAFTON WATER RATE ORDINANCE, MODIFYING RATE SCHEDULE 1 AND RATE SCHEDULE 2.

WHEREAS, there has been adopted Ordinance No. 598 regarding the establishment of water rates for the use and services rendered by the water system of the City of Grafton;

AND WHEREAS, the City of Grafton has experienced increased electricity costs by $7,000 (21%) for water distribution;

AND WHEREAS, the City of Grafton has experienced an increase in the cost of water from the Taylor County Public Service District, i.e. $0.04 per $1,000 gallons for a total cost increase to the City of Grafton of $ 7,300 per year;

AND WHEREAS, the City of Grafton has experienced a revenue reduction as a result of the Southwest PSD rate being reduced by 50% resulting in an annual revenue reduction of $33,000;

AND WHEREAS, the cost of materials and staff salary and wage benefits have increased approximately 3% during the past twelve months for an estimated increase of expenses of $9,500.

AND WHEREAS, in the judgment of the Council of the City of Grafton, it is necessary to modify the rates for water usage as noted in Rate Schedule 1 and Rate Schedule 2.

NOW THEREFORE, THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS:

SECTION 1. REPEALED SECTIONS OF ORDINANCE 598: The following sections of Ordinance 598 are hereby repealed: "RATE SCHEDULE 1" and "RATE SCHEDULE 2 ALL NON-METERED SERVICE."

SECTION 1. MODIFIED SECTION: That Ordinance 598 shall be and is hereby amended and modified to include as follows:

RATE SCHEDULE 1

FIRST	**10,000 gallons used per month**	**$4.10 per 1,000 gallons**
NEXT	**20,000 gallons used per month**	**$3.33 per 1,000 gallons**
NEXT	**30,000 gallons used per month**	**$2.01 per 1,000 gallons**
ALL OVER	**60,000 gallons used per month**	**$1.68 per 1,000 gallons**

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts, according to the size of the meter installed, to wit:

5/8	**inch meter**	**$6.15 per month**
3/4	**inch meter**	**$9.23 per month**
1	**inch meter**	**$15.38 per month**
1-1/2	**inch meter**	**$30.75 per month**
2	**inch meter**	**$49.20 per month**
3	**inch meter**	**$92.25 per month**
4	**inch meter**	**$153.75 per month**
6	**inch meter**	**$307.50 per month**

TAP FEE

5/8 to 1	inch service line	$275.00
1-1/2	inch service line	$450.00
2	inch service line	$700.00
4	inch service line	$1,000.00
6	inch service line	$1,500.00

TESTING OR RE-READING METER
$8.00

RECONNECTION
$25.00

RATE SCHEDULE 2
ALL NON-METERED SERVICE

RATE

Domestic Service	$11.46 per month per customer
Commercial Service	$24.92 per month per customer

SECTION II. EFFECTIVE DATE: This Ordinance shall become effective 45 days after its adoption by the City of Grafton, on the 1st day of December, 1996.

Daniel E. Martin
MAYOR

ATTEST:
Shirley M Dougherty
City Clerk

First Reading: 1 October 1996
Second Reading: 15 October 1996
Public Hearing: 15 October 1996
Adopted: 15 October 1996
Publication: 9+14 October 1996

This Ordinance prepared by:
Frances C. Whiteman, Attorney at Law

ORDINANCE NO. 677

CITY OF GRAFTON

AN ORDINANCE AMENDING AND REPEALING ORDINANCES NOS. 188, 334, 390, 435, 515, 575 AND 667, THE CITY OF GRAFTON SEWER RATE ORDINANCES, SETTING FORTH NEW SEWER RATES, CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF GRAFTON

THE CITY COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS: The following schedule of sewer rates, connection charges, reconnection charges and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage system of the City of Grafton.

Applicability

Applicable to entire area served.

Availability

Available for general domestic, commercial and industrial service.

Rates

(Based upon metered volume of water supplied).

Number of Gallons/Month			Rate
0	-	2,000 gallons	$ 8.95
2,000	-	5,000 gallons	$ 8.95 plus 5.23/thousand gal. over 2,000
5,000	-	10,000 gallons	$ 24.64 plus 3.77/thousand gal. over 5,000
10,000	-	30,000 gallons	$ 43.49 plus 2.76/thousand gal. over 10,000
30,000	-	60,000 gallons	$ 98.69 plus 2.07/thousand gal. over 30,000
60,000	-	100,000 gallons	$ 160.79 plus 1.73/thousand gal. over 60,000
100,000	-	1,000,000 gallons	$ 229.99 plus 1.59/thousand gal. over 100,000
Over		1,000,000 gallons	$1,660.99 plus 1.28/thousand gal. over 1,000,000

Minimum Bill

No bill will be rendered for less than $8.95 per month.

Multiple Occupancy

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly Minimum Bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the monthly Minimum Bill multiplied by the number of units in place at the time the meter is read each month.

Delayed Payment Penalty

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

Sewer Connection Charge (Tap Fee)

Inside City Limits:

Four Inch (4") Line
A connection charge of $300.00 will be charged for a four inch (4") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $4.40/foot.

Six Inch (6") Line
A connection charge of $550.00 will be charged for a six inch (6") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $5.50/foot.

Outside City Limits:

Connection charges for sewage line extensions outside the City limits will be determined by construction costs and otherwise as shall be determined by the City of Grafton.

The City shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the City.

Reconnection Service Charge

There shall be a reconnection charges of $25.00 which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such a bad check, but such charge to the customer shall not exceed $20.00.

SECTION 2. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, including but not limited to, Ordinance Nos. 188, 334, 390, 435, 515, 575 and 667; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the City of Grafton, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Grafton, West Virginia, on the 19th day of October, 1999, at 6:30 p.m., which

date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Grafton, West Virginia.

Passed on First Reading: September 21, 1999

Passed on Second Reading: October 19, 1999
(following public hearing)

Thomas L. Harrell
Mayor

ATTEST:

City Clerk

CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on September 21, 1999. Any person interested may appear before the Council of the City of Grafton, Grafton, West Virginia, on October 19, 1999, at 6:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard with respect thereto. The Council will then take such action as it shall deem proper. The proposed Ordinance may be inspected by the public at the office of the City Clerk, Grafton, West Virginia during normal office hours.

City Clerk

09/15/99
345720/99001

THE CITY OF GRAFTON

AN ORDINANCE AMENDING THE CITY OF GRAFTON SEWER RATE ORDINANCE ENACTED OCTOBER 19, 1999 (ORDINANCE NO. 1083),

WHEREAS, on October 19, 1999, The City of Grafton enacted Ordinance No 1076 (the "Sewer Rate Ordinance"), setting forth new sewer rates, connection charges, reconnection charges, and delayed payment penalty for service to customers of the Sewerage System of the City of Grafton;

WHEREAS, there was no protest filed against the Sewer Rate Ordinance, and, by letter dated March 9, 2000, the Public Service Commission of West Virginia determined that the Sewer Rate Ordinance met all legal and procedural requirements therefor;

WHEREAS, the Public Service Commission of West Virginia also determined in such letter that certain provisions of the Sewer Rate Ordinance were contrary to Commission case law and should be amended to conform thereto; and

WHEREAS, the City Council of the City of Grafton wishes to amend the Sewer Rate Ordinance in the manner set forth in such letter;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS:

The following provisions of the Sewer Rate Ordinance are hereby amended as follows:

1. Multiple Occupancy

   This provision is hereby rescinded.

2. Sewer Connection Charge (Tap Fee)

   This provision shall be amended to eliminate any distinction between users inside or outside the City limits and shall therefore read as follows:

Four Inch (4") Line
A connection charge of $300.00 will be charged for a four inch (4") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $4.40/foot.

Six Inch (6") Line
A connection charge of $550.00 will be charged for a six inch (6") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $5.50/foot.

The City shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the City.

3. Returned Checks for Insufficient Funds

This provision shall be amended to provide that the maximum charge for a returned check shall be $15.00 instead of $20.00, and shall therefore read as follows:

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such a bad check, but such charge to the customer shall not exceed $15.00.

The provisions of this Ordinance shall become effective upon the effective date of the Sewer Rate Ordinance.

Passed on First Reading: March 21, 2000

Passed on Second Reading: April 4, 2000

Thomas L. Hancock
Mayor

ATTEST:

City Clerk

CL598990.1

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the City Council of THE CITY OF GRAFTON on _____, 2000, which Ordinance has not been repealed, rescinded, modified, amended or revoked.

Dated this April 4, 2000.

[SEAL]

City Clerk

03/16/00
345720/99001

Public Service Commission
of W. Va. Tariff Office

MAY 15 2000

Special Studies Section

P.S.C. W. Va. No. 11
Canceling P.S.C. W. Va. No. 10

CITY OF GRAFTON, a municipal corporation

OF

GRAFTON, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

Grafton and vicinity, Taylor County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued May 10, 2000

Effective May 19, 2000
or as otherwise provided herein

Passed by City Council

RECEIVED

MAY 15 2000

Public Service Commission of W. Va.

Special Studies Section

Issued by City of Grafton, a municipal corporation

By Kevin Stead

City Manager
Title

RULES AND REGULATIONS

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

APPLICABILITY

Applicable to entire area served

AVAILABILITY

Available for general, domestic, commercial and industrial service

RATES

Number of Gallons per Month				Rate	
0 - 2,000 gal.	$ 8.95				
2,100 - 5,000 gal.	$ 8.95	plus $5.23/thousand gal. over	2,000
5,000 - 10,000 gal.	$ 24.64	plus $3.77/thousand gal. over	5,000
10,000 - 30,000 gal.	$ 43.49	plus $2.76/thousand gal. over	10,000
30,000 - 60,000 gal.	$ 98.69	plus $2.07/thousand gal. over	30,000
60,000 - 100,000 gal.	$ 160.79	plus $1.73/thousand gal. over	60,000
100,000 - 1,000,000 gal.	$ 229.99	plus $1.59/thousand gal. over	100,000
Over 1,000,000 gal.	$1,660.99	plus $1.28/thousand gal. over	1,000,000

MINIMUM BILL

No bill will be rendered for less than $8.95/month

DELAYED PAYMENT PENALTY

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

(C) SEWER CONNECTION CHARGE (Tap Fee)

Four Inch (4") Line

A connection charge of $300.00 will be charged for a four inch (4") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $4.40/foot.

Six Inch (6") Line

A connection charge of $550.00 will be charged for a six inch (6") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $5.50/foot.

The City shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for Extension of lines, which shall be provided by applicant upon terms and conditions approved by the City.

(C) Indicates change in text

(R) RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such a bad check, but such charge to the customer shall not exceed $15.00.

RECONNECTION SERVICE CHARGE

There shall be a reconnection charges of $25.00 which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

(R) Indicates reduction

18A

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WV 26354
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 10/20/99

Account #
STEPTOE & JOHNSON
C/O VINCENT COLLINS
PO BOX 2190
CLARKSBURG WV 26302

INVOICE 8102 AMOUNT REMITTED _____

RE: NOTICE OF PUBLIC HEARING ON BOND ORDINANCE

INSERTION DATES: 10-8, & 10-15 # 16921

AMOUNT DUE: $167.21 PLUS $2 Aff. Fee

Legal Rate Information: 7 cents per word for first insertion and 75% per insertion thereafter. FEIN # 363672215

MAKE CHECKS PAYABLE TO

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354
PLEASE PUT INVOICE NUMBER ON CHECK
NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS
MINIMUM $ 1.00

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR,SS:

Jean M. Ellerman, Publisher of the Mountain Statesman, a newspaper published at Grafton in said county do hereby certify that the annexed Legal # 8102 was published once a week for two successive weeks in said Mountain Statesman newspaper as aforesaid, commencing on the October 8, 1999

Given under my hand this 20th day of October

Jean M Ellerman Publisher

Printers fee $_____

West Virginia, Taylor County, To Wit:
Subscribed and sworn to before me this

October 20, 1999

Monica G Robinson Notary Public

My Commission Expires October 15, 2007

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MONICA G. ROBINSON
404 ROGERS STREET
GRAFTON, WV 26354
My Commission Expires October 15, 2007

LEGAL

NOTICE OF PUBLIC HEARING ON CITY OF GRAFTON RATE ORDINANCE

A public hearing will be held on Tuesday, October 19, 1999, at 6:30 p.m. on the following ordinance which has been introduced on September 21, 1999. Any person interested may appear before the City Council of the City of Grafton at the Grafton City Hall, 1 West Main Street, Grafton, West Virginia, and present any comment or protest thereto. Following which hearing Council shall take such action as it shall deem proper.

AN ORDINANCE AMENDING AND REPEALING ORDINANCES NOS. 188, 334, 390, 435, 515, 575, AND 667, THE CITY OF GRAFTON SEWER RATE ORDINANCES, SETTING FORTH NEW SEWER RATES; CONNECTION CHARGES, RECONNECTION CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF GRAFTON

THE CITY COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS: The following schedule of sewer rates, connection charges, reconnection charges and delayed payment penalty are hereby fixed and determined as the sewer rates, connection charges, reconnection charges and delayed payment penalty to be charged to customers of the sewerage system of the City of Grafton.

Applicability

Applicable to entire area served.

Availability

Available for general domestic, commercial and industrial service.

Rates

(Based upon metered volume of water supplied).

Number of Gallons/Month	Rate
0- 2,000 gallons	$8.95
2,000- 5,000 gallons	$8.95 plus 5.23/thousand gal. over 2,000
5,000- 10,000 gallons	$24.64 plus 3.77/thousand gal. over 5,000
10,000-30,000 gallons	$43.49 plus 2.76/thousand gal. over 10,000
30,000-60,000 gallons	$98.69 plus 2.07/thousand gal. over 30,000
60,000-100,00 gallons	$160.79 plus 1.73/thousand gal. over 60,000
100,000-1,000,000 gallons	$229.99 plus 1.58/thousand gal. over 100,000
Over 1,000,000 gallons	$1,660.99 plus 1.28/thousand gal. over 1,000,000

No bill will be rendered for less than $8.95 per month.

Multiple Occupancy

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly Minimum Bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the Minimum Bill multiplied by the number of units in place at the time the meter is read each month.

Delayed Payment Penalty

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

Sewer Connection Charge (Tap Fee)

Inside City Limits:

Four inch (4") Line

A connection charge of $300.00 will be charged for a four inch (4") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $4.40/ foot.

Six inch (6") Line

A connection charge of $550.00 will be charged for a six inch (6") line to the property line up to 60 feet. Over 60 feet, the additional charge will be $5.50/ foot.

Outside City Limits:

Connection charges for sewage line extensions outside the City limits will be determined by construction costs and otherwise as shall be determined by the City of Grafton.

The City shall have no obligation to acquire by condemnation or otherwise additional rights of way or easements necessary for extension of lines, which shall be provided by applicant upon terms and conditions approved by the City.

Reconnection Service Charge

There shall be a reconnection charge of $25.00 which shall be paid prior to restoration of water service previously disconnected for non-payment of sewer charges.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such a bad check, but such charge to the customer shall not exceed $20.00.

SECTION 2. EFFECTIVE DATE

The rates, charges and delayed payment penalty provided herein shall become effective forty-five (45) days after final enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, including but not limited to, Ordinance Nos. 188, 334, 390, 435, 515, 575, and 667; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTIVE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in a qualified newspaper of general circulation in the City of Grafton, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Grafton, West Virginia, on the 19th day of October, 1999, at 6:30 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Grafton, West Virginia.

CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on September 21, 1999. Any person interested may appear before the Council of the City of Grafton, at the Grafton City Hall, 1 West Main Street, Grafton, West Virginia, on October 19, 1999, at 6:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard with respect thereto. The Council will then take such action as it shall deem proper. The proposed Ordinance may be inspected by the public at the office of the City Clerk, Grafton, West Virginia during normal office hours.

Dated: October 8, 1999

s/ Gwen Basford

City Clerk

LEGAL 8102

10/8, 10/15

THE MOUNTAIN STATESMAN

"Serving Grafton and the Heartland of Northern West Virginia"

914 West Main Street, Grafton, West Virginia 26354

Phone: (304) 265-3333

LEGAL ADVERTISING INVOICE

9/30/98
Date

City of Grafton
1 West Main Street
Grafton, WV 26354

Sewer 514-7960

P.O. #98-09-38

oice No. 7840 Amount Rem

New Sewer Rate

ertion Dates: 9/18 & 9/25/98

ount Due $44.10 plus $2.00 Aff. Charge
46.10

gal Rate Information: 7¢ per word for the first insertion and
¢ per insertion thereafter. FEIN #363672215

MAKE CHECKS PAYABLE TO

THE MOUNTAIN STATESMAN

914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354

- PLEASE PUT INVOICE NO. ON CHECK -

NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS. MINIMUM $1.00

Sewer

18B

State of West Virginia, County of Taylor, s

Linda Hess Advertising Ma

Mountain Statesman, a newspaper published at Grafton in said county, do hereby certify that the annexed

Legal 7840

was published once a week for two successive weeks in

said Mountain Statesman newspaper as aforesaid, commencing on the

9/18 days of 19 98

Given under my hand this 1st days of 19 98

Linda Hess Advertising Manager

LEGALS

CLASS II LEGAL NOTICE
PUBLIC NOTICE
Notice is hereby given that the City of Grafton, Taylor County, West Virginia has filed on September 16, 1998 with the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA a new sewer rate structure containing increased rates for the collection and treatment of wastewater for individual customers to become effective November 1, 1998. The rate increase will produce approximately Eighty-Five Thousand Dollars ($5,000.00) annually in additional revenue, an increase of 15%. The average monthly bill for the various classes of customers will be changed as follows:

	INCREASE
First 2,000 gallons used per month	$0.55 per thousand gallons used per month
Next 3,000 gallons used per month	$0.65 per thousand gallons used per month
Next 5,000 gallons used per month	$.047 per thousand gallons used per month
Next 20,000 gallons used per month	$.034 per thousand gallons used per month
Next 30,000 gallons used per month	$0.26 per thousand gallons used per month
Next 40,000 gallons used per month	$0.21 per thousand gallons used per month
Next 800,000 gallons used per month	$0.20 per thousand gallons used per month
All Over 1,000,000 gallons used per month	$0.16 per thousand gallons used per month

The connection fee for four inch lines has been increased $25.00.
The connection fee for six inch lines has been increased $50.00.
The monthly contract for unmetered commercial services has been increased $75.00.

A complete copy of the proposed rates as well as a representative of the City of Grafton to provide any information requested concerning it, is available to all customers, prospective customers or their agents, at City Hall, 1 West Main Street.

Anyone desiring to make objection to said rate increase must do so in writing to Sandra Squire, Executive Secretary, Public Service Commission of West Virginia, P.O. Box 812, Charleston, West Virginia 25323.

Donna C. Hall
City Manager
City of Grafton

LEGAL 7840
9/18, 9/25

WIT:

Subscri

day of 19 98

Notary Public.

My Commission Expires 10 Oct , 2007

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MONICA G. ROBINSON
404 ROGERS STREET
GRAFTON, WV 26354
My Commission Expires October 15, 2007

F. Police Department - Officer Ted Stevens will be graduating from the academy on Friday, October 18th. Chief Leeper and I are planning to attend that ceremony. At this point then all of the officers have completed the academy training.

G. Water Distribution Project - The pump station is in place. The only thing we've been waiting for is the man to install the telemetry. The week of October 28th is when he will be here to install the telemetry. Then, we'll do a full system start up and testing with the engineers and the contractor.

H. River Crossing Project - We've completed all of the lines across the river. The project is about 80% complete and is ahead of schedule. The contractor just has to complete tie-ins and do a bore under the railroad tracks. If the weather continues to hold, we should be able to finish it up by the end of November. I think it had originally been slated for January completion.

I. Water Department during the last two weeks, the water meter at Sunset Terrace was replaced. We still would like to replace the 4" meter at PCC and the sewer plant. Both of these are rather old. We have found by replacing some of these older meters, that we have been able to save and get more accurate water readings. As finances permit, because each on of these cost between three and four thousand dollars, we would like to schedule replacement.

J. Street Department - We are waiting to hear back from our engineer on when the pile driving will begin on West Washington. It had been delayed due to the wet weather and it was very muddy. Now that it is drier, we've contacted the engineer and he is going to get back to us with a date for the driving. They have been patching mostly on areas where they've had some water leaks. They hope next week, weather permitting, to start on the top deck. Every week it has been postponed for one reason or another.

Mr. Riley - On the sale along with the Board of Education, will you still submit, besides the two trucks you mentioned, on any of the other items - sealed bids?

Mrs. Hoyler - All of the other items we'll be able to auction right there including the air compressor. I guess thats with any auction you can submit a bid in advance.

VI. Communications

A. Letter from Congressman Mollohan thanking us for our letter about the Center for Rural Enterprise.

B. Letter from Senator Byrd involving our request for extension on the first license for the Tygart River Dam hydropower project. He is delighted to tell us it is passed and the extension has been granted to the city.

C. On September 23rd, we received a letter from Senator Byrd who was officially letting us know that the city had received $43,586.00 under the Department of Justice COPS Program.

D. On October the 4th a thank you letter from Senator Byrd thaning us for our kind words to him about working on the license for the Tygart River Dam hydro project.

E. On October the 3rd, we got information from the Solid Waste Management board in regard to yard waste management brochures. I think the public is aware that landfills will effective January 1st, 1997 will no longer take yard waste. There are some alternatives and that is what the brochure is about.

F. Letter from solid waste with some brochusre regarding the same subject.

VII. Commission, Committee, Board, Project and Conference Reports

A. Taylor County E911 Committee Report

Mr. Mankins - We have Bill Roy and Ronnie Helmondollar here tonight representing that committee. Gentlemen we are anxious to hear what you have to say and want you to know we did receive the report. But, we just got it tonight, so we have really not had a chance to read it.

Bill Roy - Basically, we are here to answer any questions you may have. We put together this fact sheet today. The reason being why we were slow in getting it, we had to get that back from the telephone company. They were a little slow in getting that information to us. If you have any questions on that ordinance there. The ordinance has the entire working budget in there. Hopefully, we would still get the $30,000. from the city, because without that it can't be done.

Mr. Mankins - Before I open it up to questions, I think you are going to get a lot of questions. I think that this council has been basically supportive of E911, but I don't think - I speak for myself and at least one or two other members of the council - are not particularly happy by the way things went about. It may not have been your fault, but you're here so you're going to catch the brunt of it tonight.

Mr. Roy - No problem.

Mr. Mankins - We have some questions in our mind before we would make any follow throuhg on this commitment.

Mr. Roy - Let me say this for the committee - we apologize for not getting the information to you. We weren't aware at the time that that information was needed. The excuse I'll give you is the fact that what we did as a committee, we sent out a committee member to different organizations and governmental bodies to speak on that. Any concerns or information, whatever was to come back to us and we would get that out to you. We didn't get that and for the committee I will have to apologize for that. I'm here to take my lumps and bumps and also to answer any questions you have.

Mr. Mankins - As lons as we understand one another.

Mr. Riley - I've got a few. First I want to say I'm not satisfied with what you said Bill, that the board or whoever made these up and they were sent out to various people. We as a board here, the city council representing the people, have never been called to the county courthouse until Wednesday three weeks ago, I believe. We were notified at noon to be there at two. When we arrived and set in the meeting, this was adopted that day with no questions to the city governing body. Somebody had to know, but not us. I asked a question up there that day, you were there and I pretty well got set down. It wasn't on the table and it wasn't for discussion. Well, when thats the first meeting you've ever been to, I think things ought to have been discussed. In your budget, you just mentioned the city for $30,000. did you not?

Mr. Roy - Yes, sir.

Mr. Riley - In the county budget, I find no figure, whether it be 5,000 or 7,000, 10,000 or 30, there is no figure. I have my own feelings about this. How when you represent part of the people here, at least the ones that voted me to sit up here. I'm not here to make you mad, but I'm going to tell you my feelings. This is county E911 right? We did, but its not commitable now - $30,000. The city committed to be part of this 911, county 911. That has to be a change made there before the city is committed to that. What quarantee does the citizens have and the City of Grafton have that you won't be back - the board or whatever represents

this for $30,000. next year and the citizens if the buck and a half don't pay the cost that you won't say its got to be two dollars to cover the cost of E911. What quarantee are you going to give us?

Mr. Roy - Well, I'm sure I could sit here and speak for the whole commitee, we wouldn't do that, give you a guaranatee that is wouldn't happen, because you can't count of what is going to happen down the road. But, I can say this with confidence, we had an outside group come in, which was the WV E911 counsel and they were given the figure and everything. There was an independent survey done on their part and they said it should work on the funding we were dealing with. The only thing we didn't account for was the fact that the minimum wage went up on us, even though our figures are still above the minimum wage figures.

Mr. Riley - Okay, don't forget that. But you can look on page 7, I believe it is, it says annual $30,000. I haven't had time to look this over, I just received it thirty minutes ago.

Mr. Roy - Yes, that is where it is there, I assume

Mr. Riley - That's binding. That resolution has already been adopted.

Mr. Roy - At first when we talked about the thirty thousand commitment was for a five year period.

Mr. Riley - Another thing I feel bad about, and you can answer me if I'm wrong - I'm not picking on you, I just have these feelinds - the city derives its money from the people within city limits. This would come out of general fund. In fact we don't have the money to cover it. Do we ahve a right as a governing body to set up here and say we are going to commit city funds-$30,000. to county 911 out in the county. I've got a map here I want somebody to show me what it covers, this 911 Taylor County. What right do we have sitting up here to spend city funds for county 911? Now, you're an employee here, you tell me.

Mr. Roy - The only thing I can say to that would be, we are going to use the service that is provided by that.

Mr. Riley - Well, I would have to say it should have been city 911 then.

Mr. Roy - What we tried to do in the beginning, we tried to update our communications and everything in 1989. The money wasn't there. There was no way of generating the funds. The only way to generate funds, was through the 911 ordinance. The city couldn't afford it, so there was no way we could even consider updating any communications that we have. There was only one alternative at that time for this.

Mr. Riley - Wel,, surprise, surprise. The day we were called to county court, the city manager and I attended, Chester attended. Like I say we got that call at noon for two o'clock. This stuff was already - we didn't know it. We hadn't received a word period, except some bumper stickers laid out there with 911 in the window. So that was on Wednesday. Everyone gets one of these, my names on this and address. On Friday, this came in the mail, what a surprise! A couple partial counties was passed in July at the legislature. It's jsut a coincidence that I was at a meeting the first one on Wednesday and received this on Friday.

Mr. Riley - I don't know what you are talking about.

Mr. Mankins - That's from the league of cities. It's legislative highlights and evidently got pushed through the legislature this fall, was the fact that there could be partial service in the county. It was kind of odd that that coincidentAL when you see who sponsored the legislation.

Mr. Riley - Read that house bill adn then do me a favoe, read the number to yourself adn then look it up. It didn't go through as partial county 911, it rode on the tail of another bill. Thats not even shown in the legislative bill, but its passed. But, like I say it's all surprises and we sit up here as a body and know nothing about it.

Mr. Roy - I don't know what I can say without upseting the council. There was a public hearing that had all that information out. The day the public hearing was put in the paper, this ordinance was put on record with the city clerk for public review. I can't speak for what happened, what you explained in that meeting that day. The committee weren't aware of that.

Mr. Mankins - I think what Gene is upset about, I'm somewhat upset about it too. Yes, there were public hearings and some of us did attend those public hearings. But, information that was out either the committee dropped the ball and took this council for granted that no matter what we do it is going to be passed or the county commission took the council for granted and said the step-children downtown and we'll just push this through. I think that as much as anything other than some facts we need to clear up. I think that is what is as upsetting as anything.

Mr. Roy - And I can understand that now, hearing that. One thing that we did put a lot of reliance on was the resolution we had for the commitment. One thing we did have difficulty with was with the commission. Anytime we did anything we run into a stumbling block. We weren't good to go until recently anyway.

Mr. Riley - Two things you've got to show this member - I want to see what the county has committed bottom line. If they're going to say $5,000. or $10,000., we might take a notion to match, but we are not going to say $30,000. against 10. And I want to see if somebody has a county map, if you haven't, I've got one. I want to see it on the board and somebody take a black marker and show me what territory we're going to cover with 911. Is it going to be just the 265 exchange or is it all the phone numbers in here.

Mr. Roy - All the phone numbers listed.

Mr. Riley - Then tell me one more thing. Wendell, three miles off Rt 50 at White Front, you have a different tellephone exchange, is that part of Flemington?

Mr. Roy - If it is 739, yes.

Mr. Riley - Thats what I want to know - where does it come to. How about across from the post office at Simpson, up on the hill? 739?

Mr. Roy - Probably so.

Mr. Riley - I want to see a mpa and see how much we lost.

Mr. Mankins - Can you do that?

Mr. Roy - It will be difficult, but we can attempt that.

Mr. Riley - Have you ever had that map at any of these papers?

Mr. Roy - No.

Mr. Riley - Then we don't know what territory we got and what we don't have. How far down 310 do you go?

Mr. Roy - To the county line.

Mr. Helmondollar - Bell Atlantic is able to separate those.

Mr. Riley - Well, I'd like to see a map with the territory that Taylor County 911 is actually going to cover. I want to see how much is missing.

Mr. Mankins - In speaking in fairness to them, I know what their concern has been not so much geography as the numbers - the number of customers thats what triggers

Mr. Riley - The resident number has changed since the day at the court house. The day at the court house, we had 546-547. Today in this we've got 613.

Mr. Roy - We didn't really consider Flemington, because it was never under consideration. It was always taken out of our hands by the commission.

Mr. Mankins - That's true.

Mr. Riley - Well, let somebody else talk, then I've got a motion to make.

Mr. Horacek - What I'm wondering, how much is the county commission going to contribute on an annual basis.

Mr. Roy - The only thing I can tell you is what was said in that meeting up there, that they were going to commit funds, but they didn't give us a figure on it.

Mr. Mankins - Can I follow up on that a minute? If we assume that the budget you have in here is accurate, you have stated as we have always believed, that the $30,000. is a one time contribution.

Mr. Roy - Yes, sir.

Mr. Riley - But, it's not written that way.

Mr. Mankins - I see how its written, but that's what you're saying.

Mr. Roy - Yes, sir. Publicly that is a one time charge. That is a clerical error on our part.

Mr. Mankins - That is not part of the resolution, its part of your fact sheet?

Mr. Roy - No. This fact sheet is jsut something weput together.

Mr. Mankins - That is what I'm trying to get across to council. This was not passed by the county commission, this is just your fact sheet.

Mr. Riley - This was adopted that day up there wasn't it?

Mr. Roy - When you say fact sheet, are we talking about page 1?

Mr. Horacek - It is under the ordinance.

Mr. Roy - The fact sheet I'm talking about is the cover sheet.

Mr. Mankins - So page 6 was adopted that day as an annual fee?

Mr. Roy - Yes, sir. It was an oversight on our part.

Mr. Helmondollar - With those ordinances they can go back and be amended.

Mr. Roy - The county commission is aware of that too. It is something like I said an oversight on our part. This ordinance has been changed in the neighborhood of fifteen times in the last eight years. Those at that time were a annual income. What that was, when we started deducting those annual incomes which, we lost the emergency squad which was $15,000. the county commission had nothing in there. Like I say the revenue we put in there annually that was an oversight on our part. I'm here to tell the council it is a one time charge and the county commission knows its a one time charge.

Mr. Riley - Put that in writing.

Mr. Roy - No problem.

Mr. Mankins - Okay, lets talk about the $30,000. One of the reasons that was attractive to the council was because that was going to allow us in essence to pretty much get out of the dispatch business. Explain now how the dispatch works.

Mr. Roy - 911 dispatch?

Mr. Mankins - No. I know how 911 dispatch works. How will dispatch now work in regard to the City of Grafton.

Mr. Roy - The City of Grafton would be dispatched through the 911 system - fire, police and whole nine yards. We also discussed about after hours the public works department be incorporated in there as well.

Mr. Mankins - In you view then we're not talking about have a dispatch sitting in the office here.

Mr. Roy - No. That would be considered a one button transfer, where it would come into the 911 center and they would transfer it down here. It won't happen that way.

Mr. Mankins - The reasons I'm asking these questions, there was not clarity on that for this council.

Mr. Rogers - We're not going to have to have dispatchers here?

Mr. Roy - No. thats where the $30,000. we were looking at anyway, because we would do away with our dispatch as we know it today.

Mr. Mankins - Obviously, if the city can be covered and covered well that is not only a cost savings, but it is effecient. Where is the 911 center now to be, the headquarters dispatch center? Where is that to be located?

Mr. Roy - At Grafton City Hospital.

Mr. Mankins - As it was - that was approved a couple years ago and then dropper. Has that been reworked with the hospital board?

Mr. Roy - Yes sir it has. Matter of fact, we just recently met with the last meeting with the administrator up there. We went through everything with him. It was new to him as he took over in mid-stream here. We explained to him and he was very receptive with it. He has a public relations person and she wants to be a part of that.

Mr. Riley - That's my gripe. All of this comes out tonight and even the dispatch point. We're supposed to absorb all this that quick. I don't know why information didn't come to this body ahead of time. But we don't get no word.

Mr. Roy - Well, the only documentation we had was the ordinance itself. Like I said it was changed practically within days of the public hearing. That was only information we had, other than telling you what we believe would happen, until this ordinance became adopted.

Mr. Riley - I wanted to ask these questions up at county court but I couldn't, I wasn't permitted to. The only meeting we were ever invited to and we couldn't ask a question.

Mr. Roy - I can understand your flustrations with that comment, because not only are the questions hard to come by through that but also they still seem to be a struggle between the two entities. I hear that all the time. That's a shame.

Mr. Mankins - There is no struggle on the part of council with county commission. It bothers when you're taken for granted and your expecting without this $30,000. 911 is not going to fly.

Mr. Roy - That's correct.

Mr. Mankins - I don't know that anybody here is really that dead set against it not flying, but they want to be sure where there moneys going and where we stand with it. Now, as you know when we gave the resolution, we passed the resolution we were trying very hard to be sure that it was a total county system, because that was important to all of us here. Obviously, thats not going to happen

Mr. Roy - Well the county commission is in (could not understand, Mr. Rogers was coughing) the commission told us 'you will not deal with the Flemington area'. Thats taboo and don't even put that in there. Matter of fact, we wrote that in the ordinance when we sent it to the PSC and they said take it out of there. They don't even want you to mention it basically.

Mr. Mankins - I understand. I'm trying to be sure everybody here understands. The resolution therefore that we passed is no longer valid. We have to redo the resolution, vote the resolution down and vote in a new one if we are even going to support this. That's part of what has to happen.

Mr. Roy - There is nothing we can do with this either. It has to go before the PSC before it ever becomes an ordinance anyway. Until everyone here hopefully has all the information they need

Mr. Riley - It this ordinance goes in to them for approval and this page six goes as is now, the city will be condemned for $30,000. annually.

Mr. Roy - Well, I can assure you before it goes down there to Charleston that will be corrected on that page, with the county commissions approval.

Mr. Mankins - Again without yelling at you, it is going to take more than assurance, it is going to take a written copy here before council for us to check word by word Bill. And that is what we have to do.

Mr. Roy - I don't disagree with you, It is your responsibility to do that. We were a little lax I guess in our responsibility. I've wrote this ordinance myself fifteen times, so I know whats in there. You get to looking at it over and over again, when that line doesn't change that much other than maybe the figures, you left a word in where it shouldn't have been. But I assure you that particular item I can understand why its concerned you, because it doesn't say anything is going to be changed.

Mr. Mankins - And another thing, personally to me, I would applaud what Gene has said. On page seven item f under Section 5, the other costs listed in Section 5 and that encurred in providing E911 service to Taylor County would be covered by fees paid by the City of Grafton. That's not clear enough to me whether that measn out of that $30,000. or thats additional fees, and by general county funds without any figures. I concur with what Gene said. I'd feel better if it was only a dollar and a half, at least I'd know what the county was ready to commit up front.

Mr. Roy - One thing we had to do with the prosecuting attorney reading this also, was we wanted to put a figure in there too for the county. The county says 'no, we don't want to put anything in there'. We had to have a commitment in there by general county funds that is why that is in there. They have to cover any cost overs or whatever.

Mr. Mankins - To me that is not what that says. It says the city and the county will do that. Am I reading anything into that?

Mr. Horacek - There is another part of it that I don't have a great disagreement with on the first page, it says that the City of Grafton will be designated the fiscal agent for the portion of the Taylor County Enhanced E911 system. Of course that encures another cost for the city in terms of providing bookkeeping and disbursement of funds. I understand that if there are savings to be had in terms of our reducing our dispatcher costs, maybe that would be incorporated, but I would really like to see some figures overall on what we are getting ourselves into.

Mr. Mankins - I agree and as much as I have been involved with 911, when I read this this evening thats the first time that I saw anything about the city being the fiscal agent.

Mr. Roy - I know we never had a meeting in (couldn't understand), but we have discussed this. We talked to Larry.

Mr. Mankins - Larry is aware of this?

Mr. Roy - Yes.

Mr. Mankins - Donnas not aware of it.

Mr. Roy - It happened under Rick Clay.

Mrs. Hoyler - Well that goes back several years. I'll tell you right now, I have a strong objection to the city being the fiscal agent because I don't want to end up having to do collections and all of that. We are overloaded now with what we have, larry in particular with all of the extra funds we have set up and to put this on top of everything else - I have a real problem. And I certainly don't want to be chasing after county people on collections.

Mr. Roy - Well, that problem may be rectified.

Mrs. Hoyler - Well, again when it gets into anything thats a fiscal agent the responsibility is there and I really personally don't like the idea about being the fiscal agent. (Couldn't understand) for something that we're not specifically involved in.

Mr. Roy - To get back to the meeting we had with the hospital administrator, he expressed concern about having if that would be the case the way it is wrote, city employees working at their facility not being covered under their liability. He's concern was maybe they should be the fiscal agent. Thats a situation

we are looking at. We have no problem with that, that makes it basically their liability.

Mr. Riley - Why wouldn't it befall the county?

Mr. Roy - It would, but put it at the hospital. The liability was their concern.

Mr. Mankins - I've told you what I feel about fiscal agent. That doesn't make a whole lot of sense to me, since technically they are all city employees. I agree with what you are saying about - I just don't feel we should be the fiscal agent, not for the same reasons. I don't believe we would be involved in any collections. The phone company is going to do the collecting. It is not up to the fiscal agency to go out and do the collecting of revenues coming in. But it still the other reasons to me are very valid for us to not be the fiscal agent.

Mr. Roy - I agree with Donna on what she said, but the director would be the one chasing the non-collectables out there anyway.

Mrs. Hoyler - I really would like it put into the ordinance that it would be a separate phone number or whatever for the after hours water/sewer dispatching. That was part of the agreement. The ordinance rally needs to be amended to do that, if the city is going

Mr. Roy - Right. That was one of the things we didn't want those to come in on the 911 system.

Mrs. Hoyler - Exactly. So a provision does need to be made for a separate phone - whatever needs to be put in the ordinance, that needs to be reflected.

Margaret Pike - When Rick Clay was the city manager here, this was the same budget that I sat in a public hearing on up at the county. The budget wouldn't work then and it doesn't sound like it will work now. One of the reasons the county is so reluctant to put their money or stipulate how much money they're going to put in, is because the sheriffs department must maintain their dispatch system that they have right now under the law. So in other words, the county would have to pay into the 911 as well as maintain their own dispatch system. They can't get out of it.

Marge Gerkin - It hasn't been mentioned that the people in Grafton will be the dollar and a half of whatever it was assessed for a year before this even goes into effect.

Mr. Mankins - It wasn't mentioned, but I that that is rather well known. Thats just the way it is set up. The deposit in the bank to buy the equipment to put it into effect. That happens everywhere like that.

Mrs. Gerkin - Didn't the ordinance say $10,000. for three years for a sum total of $30,000.

Mr. Mankins - No. It very clearly just says under annual income $30,000. period. $30,000. is always what we had in mind of doing. But we just want to be clear how its done. But, Bill you understand I think. You've heard the concerns and I'm not going to ask for a vote from anybody on anything this evening.

Mr. Roy - I don't blame you.

Mr. Mankins - I think that this needs to be resolved. I'm going to suggest very strongly that you and whatever members of the committee can to schedule a meeting post haste with Donna. She knows what the concerns of council are. If any member of council would like to sit in and be part of that we will. Lets get the thing ironed out. The council I think is still definitely want to do what is good for the citizen's, Grafton and Taylor County. But this is, this has to many gray areas in it. I couldn't in good conscience vote on it and I won't ask anybody else to.

Mr. Roy - I have no problem with that. You need to be concerned.

Mr. Mankins - I ask then that we table this until such time as it comes back to us. I would suggest again that it be done quickly, because we don't want to hold it up.

B. Fetterman Park - Tree Grant Proposal

Mrs. Hoyler - This is a proposal that came in from Mt. Zion Nursery and we were discussing, as Eric Spelsberg mentioned to council about two months ago, his whole proposal for an arboretum under a forestry grant. This is the first phase. Basically, this is to jsut do for this fall and what they can put in are tress along the perimeter facing the street and then they wanted to put in three trees in front of the pool house. If they do it, this is prime planting time, October and November, for these large trees. Mr. Zion Nursery is going to donate them at 1/2 the cost. The reason being this way they don't have to store them over winter. What is asking

Mr. Mankins - Audience will come to order please.

Mrs. Hoyler - What Eric is asking is for use of the city backhoe and city people to dig the holes, like we did with the cemetery trees. That would be if for the first phase.

Motion by Mr. Horacek to approve the first phase of the nursery project at Fetterman Park. Seconded by Mr. Rogers. Motion carried.

C. Board and commission Appointments

Mr. Mankins - In our plea to the community to have volunteers step forward for the urban renewal authority, we had two people do that. We had Gary Hollingshead and David Schoolcraft have both volunteered for that board. There is one vacancy.

Mr. Horacek - I'm thinking there is another vacancy on another one of those committees, too. I don't remember.

City Clerk - There is one needed on the planning committee. I think it was Ward 2.

Mrs. Hoyler - No, we appointed Douglas Harryman. He was the only one.

City Clerk - There was one ward that didn't have someone appointed.

Mr. Riley - Somebody wasn't sure there they wanted to serve.

Mr. Mankins - There was a ward. It had to come from a Ward. I can't remember which one it was.

City Clerk - There isn't anybody from Ward III.

Mrs. Hoyler - Right.

Mr. Horacek - So perhaps we ought to contact David Schoolcraft and see if he would be willing to serve there.

Motion by Mr. Horacek to appoint Gary Hollingshead to the Urban Renewal Authority. Seconded by Mr. Riley. Motion carried.

VIII. Old Business

A. Second Reading and Public Hearing - Ordinance 651: Historic Landmarks Commission

Mr. Mankins - Ordinance 651 is attempting to correct a direction that the took a few years ago, the entire city was named as a historic district. Ordinance 651 really gives more control back to the neighborhood within the city. It allows each neighborhood exceptions of the people that are going to be affected to decide their own fate.

The clerk read the short reading.
No one present wanted to take part in the public hearing.

Motion by Mr. Horacek to approve the second reading of Ordinance 651. Seconded by Mr. Lantz. Motion carried.

B. Second Reading and Public Hearing - Ordinance 652: Water Rates

The clerk read the ordinance in its entirety.

Public hearing:

Margaret Pike - We don't have a comparison. We don't have a copy of - do you have a copy of the ordinance as to how much rate increase this is?

Mrs. Hoyler - Ten percent.

Mrs. Pike - Ten percent overall on everything?

Mrs. Hoyler - Yes, that is correct.

Mrs. Pike - How did your electric raise $7000.?

Mrs. Hoyler - That was the increase. It went up 21%.

Mrs. Pike - From the increase in the power companies rate?

Mrs. Hoyler - That's correct.

Mrs. Pike - It wasn't because you added these new pump houses at $60,000. a clip.

Mrs. Hoyler - Some of it is for right now. But a lot of it was the increase in rates.

Mrs. Pike - Why did these pump houses cost so much?

Mrs. Hoyler - That is the cost of pump houses.

Mrs. Pike - I beg your pardon madam. When I was city manager we built a pump house, it cost $5,000., when we built it ourself. These are metal houses that have to have air conditioning units in them, that you put in. What is the horse-power of the pumps in them, like the one at the bottom of Briarcliff.

Mrs. Hoyler - I'd have to get the specs out. I don't have it with me.

Mrs. Pike - Did you figure on how much it would cost if you built them yourself?

Mrs. Hoyler - This was all done prior to me becoming city manager, number one. All of this was approved prior to me being city manager. I cannot speak

Mrs. Pike - When was this approved? Who was the city manager?

Mr. Mankins - All of this was part of the original package.

Mrs. Pike - Okay, and you didn't have enough money to cover all that, it that what you're telling me?

Mr. Mankins - No.

Mrs. Pike - Even the pump house at the bottom of Briarcliff is covered.

Mr. Mankins - Yes.

Mrs. Pike - Why are you raising the water rates? What reason? The only reason the paper gave was that you had an extensive water loss. This city has always suffered water loss.

Mr. Mankins - Anytime that you, in Grafton start calculating water revenue you have to talk about the loss. The city has had a lot of loss and the loss is getting less and we think it will be smaller once the under the river crossings are done.

Mrs. Pike - What is the percentage now of water loss?

Mr. Mankins - Which do you want me to answer first? About 42%. It ran as high as 60% when you were city manager. It is coming down.

Mrs. Pike - Then the price of water should come down.

Mr. Mankins - No. The newspaper did report other things beside water loss. Things we have told before, for instance - when you just heard about the change with the PSD where we reduced their rates, we didn't have any chose in that. We had to reduce their rates and probably that was fair. They had a very short distance, transportation rate, a very short distance that the was was transported through our system. It was mainly made up at the plant, transported through our system and then out into their system. They said that wasn't fair. As it was looked upon, we agreed with that and we're sure that the PSC would agree with that. So we reduced their rates. That amounted to over $30,000. annually. Right there was a loss in revenue.

Mrs. Hoyler - Well, we have absorbed the bond issue payments. Council had agree that for two years, we would not raise the rates. We have gone over two and a half years since the bond issue was passed. That is costing eighty-seven thousand a year right now, plus it will cost an additional 2 ½% of our revenues beyond that once construction is complete. That has to be paid back and the water fund has absorbed the eighty-seven thousand. With all these other increased expenses that we put into the ordinance, we can't continue to absorb that other sixty-five to sixty-six thousand in expenses that are above the bond issue as well. So whatthis new ordinance puts into place is enough to cover all of the expenses. It leaves us with about a ten thousand dollar development/contingency fund for a

year. We have absorbed not only the bond issue costs, but we had been absorbing the four cents per gallon increase that the TCPSD put on about a year and a half ago. Again all of these expenses, everything is rising, and revenues for water have not risen. They have been pretty consistent as far as usage. Even though we have reduced water loss and we expect with meter replacement as well as the line replacement to reduce it another 6 or 7% at least, hopefully 10%. That's where we stand right now. We are projecting a revenue deficit over expenses of about fifty-five thousand dollars. So this is a rate increase across the board ot 10% as designated by the PSC. This still leaves our water rates very low in comparison with a lot of other areas.

Mrs. Pike - How are the finances in the water department, are you in the red?

Mrs. Hoyler - Not yet. But that's what I'm telling you, we are projecting that there will be a fifty-five thousand deficit. Now we have

Mrs. Pike - By when?

Mrs. Hoyler - By the end of the fiscal year.

Mrs. Pike - But right now, you're not, you're still

Mrs. Hoyler - Oh no, we still have development funds and things like that. And we still will have excess funds at the end of the bond issue and at the end of the river crossing project. But those are committed to go for lines. We cannot use those for operating expenses. That is where we need to generate funds for operating expenses.

Mrs. Pike - When the citizens get an increase in any part of their city bill, whether it be fire, police, water, sewage, whatever, we look at the bill over all. Is there anywhere in the city bill that you could deduct, like for instance does the sewer department have the same amount of money in the bank that they did when I was here? they had five hundred thousand dollars.

Mrs. Hoyler - No, because we paid off the bond issue.

Mrs. Pike - Alright, but the sewer rate is still the same. Did you generate a new bond for the sewer department?

Mrs. Hoyler - Actually yes. The combined water/sewer bond issue that came out was a combined issue yes. There is no change on the sewer rate, our change is to the water rate.

Mrs. Pike - There is no way of reducing the sewer bill to offset that?

Mr. Mankins - Sure, it could be done, but then you would be operating at a deficit situation with the sewer. Remember you asked if the amount in the balance was the same as when you were there. It is not, the bonds have been paid off.

Mr. Riley - That bond was paid off, but we're into another one.

Marge Gerkin - Where's the reduction you promised me?

Mr. Mankins - We are into a combined bond now for water and sewer. We are also having hanging over the head of the city as well as other cities, improvements and new regulations that have to be made with the sewer. It would not be prudent financially to reduce rates and trun right around and be in the red and have to ask to raise them again.

Mrs. Pike - Thats what I wanted to look at the city bill overall to see if you can reduce it anywhere.

Annamelia Gerkin - The fire fee. We are paying two fire fees in this town, one through the county and one through the city.

Mr. Riley - How much has your home electric bill gone up Margaret since two and a half years?

Mrs. Pike - Not a lot.

Mr. Riley - Do you remember what street lighting was when you were here?

Mrs. Pike - Yes. I remember they had a fit because I cut out a lot of them. Took a lot of them out.

Mr. Mankins - And we're paying more now than before you took those out.

Mrs. Pike - Since Mr. Rogers is councilman at large and he's my representative, what is your reason for voting for this water increase? What did you do that proved to you that this is necessary?

Mr. Rogers - We need the money.

Mrs. Pike - Why?

Mr. Rogers - To cover the expenses. What they just said.

Mrs. Pike - Right now you're in the black.

Mr. Riley - We won't be at the end of the year.

Mr. Rogers - If we get a raise, we won't be.

Mrs. Pike - So you think we need this water rate increase.

Mr. Rogers - Ya, I think we do.

Mrs. Gerkin - How is your business calculated, is it so many gallons? What rate are you under?

Mrs. Hoyler - The same rate. There is only one rate for water. It is not broken down. You can't break it down by business and residential.

Mr. Horacek - It is only broken down by the amount you use.

Mrs. Pike - Is it not broken down by commercial paying a higher rate?

Mrs. Hoyler - No it is not.

Mr. Horacek - They pay a lower rate.

Mrs. Pike - They pay a lower rate?

Mrs. Hoyler - It is based on usage. The first 1,000 for everybody you pay one rate. It doesn't matter if it is business, residential or industrial. Everyone is based on the same rate.

Peggy Robinson - Is the sewage based upon the amount of water used?

Mrs. Hoyler - Yes.

Mrs. Robinson - That won't change?

Mr. Mankins - It is based on the number of gallons used.

Mrs. Robinson - Do you remember then a long time ago when Gidley or whoever those people are and they mapped the water. It was going to reduce the water loss 20%. Do you remember that? When they did that, they were going to find these leaks.

Mr. Mankins - Well, yes, but I think you are remembering part of what they said. I think they said they were hoping it would result in a 20% decrease in the water loww. That has not occurred yet. The mapping wouldn't do anything to affect it, it is just taking a picture of where the pipes were. But all of the improvements, I think they were talking about hopefully resulting in a 20% loss.

Mrs. Gerkin - But it hasn't happened.

Mr. Mankins - Not at this time. It has resulted in a decrease. There have been some suspicions that a lot of it was under the river, that is phase two. As you heard tonight that is just about to be completed. We have also found that a lot of it has been in meters. The meters, as quickly as we can are being replaced. They found some meters tampered with.

Mrs. Gerkin - How many readout do you still have?

Mrs. Hoyler - I think we're down to under a hundred, at this point. Every month we repalce what we can.

Ann Gerkin - Is the meter still in the fire station for all the water they fill up peoples tanks and stuff?

Mr. Mankins - Two of them.

Ann Gerkin - I know a lady out in Lucretia who put a new septic system in and needed, I forget how many thousand of gallons, so that it wouldn't flood. The VFD took it out and put it in for a donation. They knew how many thousand gallons of water went in that tank. That is water loss.

Mrs. Hoyler - No it isn't. The City of Grafton pays the water bill here. We

Ann Gerkin - How can you give that water to the lady for a donation? That's my point. She did not pay so much per thousand gallons for that water. If you go out there and ask somebody for a donation it might more than cover it, but still that is water lossage. I see lots of trucks, people who don't have water. I'm sure they come in here and get it in the summer months. I figure that is the same way your dealt with out here day in adn day out, besides all the car washing of private cars. That is water lossage.

Mrs. Hoyler - Those donations, they deduct the amount thats due to the city and that comes to the city. So far how many thousand gallons used, that amount they pay the city.

Mr. Mankins - All of that is monitored.

Mrs. Hoyler - It is all monitored and recorded.

Ann Gerkin - Who picks up the balance - the fire department pays what the donation doesn't cover?

Mr. Mankins - If the donation is larger then the amount covered, the fire department gets the balance.

Ann Gerkin - But if it doesn't, you pays that - me?

Mrs. Hoyler - They always collect at least what the water is.

Ann Gerkin - Our city bills are getting out of hand for such a small community, that is the bottom line. We've had three teenagers in the household last year. The fire, police, garbage, sewage, the whole bit is anywhere between 85 and over a hundred dollars a month. And that is getting out of hand. Right now I'm down to probably using around 8,000 gallons of water a month. Last year it was well over ten, because I had a foreign exchange student plus Ben. I'm a heavy water user, but I feel that you are penalizing me for living in the City of Grafton. We con't afford to live here anymore. Why don't you make an incentive for people to move back into town and maybe fix up some of these houses to live in. We van't boast that we have low rates. We can't boast that we have cheap fire or police as far as I'm concerned for the size of our community. We are actually chasing people out of this town. I think it is sad that a family cannot afford to live in Grafton. And that is what it is coming down to.

Mr. Horacek - We had a study of rates not so long ago. Some of the rates in that study showed we had some of the lowest rates in the area.

Mrs. Pike - Not for what we're offered.

Ann Gerkin - Not for Grafton.

Mr. Horacek - I don't know how you can make that argument when everybody else is offering water, sewage, police and fire protection. It is the same basic services = to think that we can't, we want raise rates is not realistic. Everybody else raises their cost to us and to think that the city can continually cut costs when the cost to the city continually increased.

Ann Gerkin - But you (too many talking to hear). The easy way is just keep raising the rates. You don't look for any other way.

Mr. Horacek - I think these is very little waste.

Ann Gerkin - Oh, there's a lot of waste.

Mrs. Pike - To me, Idon't think you were frugal with how you put this system in. I think you just went hog wild, because you floated the bond and you had the money.

Mr. Mankins - That's your opinion. I don't care who elses it is, Margaret. I can just tell you I don't agree with it. I've set here and studied with these gentlemen, Steves the newcomer on the block. The other guys, you heard what happened with 911 tonight. Each issue is looked at very, very carefully. We've been extremely frugal. We certainly didn't go with the Cadillac system. This council for the citizenry inherited a system that you were part of. The water lines were well over a hundred years old, hadn't been replaced.

Mrs. Pike - We were not in any better shap then we are right now.

Ann Gerkins - It's the same thing I heard ten years ago.

Mr. Mankins - I beg to differ with you, and with that we'll call the public hearing to an end. I think everybody has had ample time to get their questions asked. We have a vote now on the second reading for Ordinance 652 on the water rates.

Motion by Mr. Horacek to approve the second reading of Ordinance 652. (Ann Gerkin-cut your grass) Seconded by Mr. Lantz. Motion carried.

C. Second Reading and Public Hearing - Ordinance 653: Employee Pay Structure

Mr. Mankins - Ordinance 653 was the employee pay structure ordinance. That has to be done by ordinance, we are chartered. The first reading was passed. There was a typo on it. We call your attention to the personnel/payroll/bookkeeper. The salary range should have been $7.50 to $9.50.

Mrs. Hoyler - That was the administrative assistant. It should have been the same as the bookkeeper.

Mr. Mankins - I read it wrong it too.

Mr. Riley - Is there another one that adds into this, two more?

Mr. Mankins - No. We'll do that separate.

The clerk read the short version of the ordinance.

Mrs. Gerkin - Is this for everyone?

Mr. Mankins - Almost everyone. Everyone that is covered inside the charter.

Motion by Mr. Rogers to approve the second reading of Ordinance 653 with the correction in the salary field for administrative assistant. Seconded by Mr. Riley. Motion carried.

Mr. Riley - Now, I have a question. Dispatcher, part time those two could be subject to change with the adoption of 911.

Mrs. Hoyler - Yes. Again they would not be city employees anymore. They will become county employees. At that point we will disband dispatching. We wouldn't have any city dispatchers anymore. At that we would then remove those positions from any further pay structures.

C.1 Finance Director/City Clerk Pay Increase

Mr. Mankins - The city manager suggested a $.30 an hour added to the rate for finance director and $.55 per hour for city clerk.

Motion by Mr. Horacek to approve the salary increases for the finance director and city clerk. Seconded by Mr. Rogers. Motion carried.

The mayor called a five minute recess at 7:55 p.m. Meeting was called back in session at 8:02 p.m.

D. Open Bids - Cemetery Paving

Two bids were received.

1) Dans Marine Service - $27,737.50

2) Harman Construction (if they are the Market/Latrobe Street project successful bidder) - $10,191.25

The bids were given to the City Manager to be reviewed.

E. Open Bids - 112 East Washington Street Demolition

There were three bids received.

1) North Central WV Community Action - $31,000.00

2) Laurita Excavating, Morgantown - $28,900.00, excludes asbestos removal.

3) Mountain View Construction, Nutterfort - $37,900.00, excludes asbestos removal.

The clerk reported that samples had been taken of three different areas of the building and were mailed to Morgantown for analysis.

The bids were given to the City Manager for review.

F. Open Bids - Multi-Site Municipal Building Telephone System

Five bids were received

1) Lucent Technology (formerly AT&T) - $10,820.18

2) Jeffers Communications - $9,597.50

3) Bell Atlantic Meridian - $10,495.00

4) Tait Communications - $9,592.00 with change order of $1800.00 for a total of $11,410.00.

5) Integrated Telecom Services - $11,303.00.

The bids were given to the City Manager for review.

Mrs. Hoyler - I'd just like to point out to council that the old system cost over $12,000. This shows the new technology is cheaper.

Mr. Riley - I wonder if these people allow anything for the old system.

Mrs. Hoyler - From talking to them and meeting with them, no. What we would probably propose is we keep the same phone system that we have over at Public Works. That is a little bit newer system that they are happy with it, so we may just end up replacing city hall and adding one at the cemetery and sewer.

G. Snowplow Truck Bids

Bids were opened at last meeting. Recommending the bid from Ideal Motors at $26,882.11. The main concern was the bid from General Truck Sales, which was lower was it does not come with a side window defogger. For a snowplow truck that is kind of essential. They didn't seem to willing to install them. George Motors did not have a V8 motor, so that was not acceptable. Matheny Motors was a bit higher. Theirs was faxed and did not follow up with a hard copy.

Motion by Mr. Rogers to approve purchase of the snowplow truck from Ideal Motors. Seconded by Mr. Horacek. Motion carried.

Mrs. Hoyler - financing for the truck. Councilman Riley and Busty had come up with the idea of using the garbage truck depreciation fund from general fund. We would pay the same interest. They would use 3/04% is what it is currently earning. We pay that interest rate and keep it in house and save interest.

Mr. Riley - I couldn't see paying a bank $5,000. interest if we could pay that amount to the City of Grafton to be used towards the purchase of another garbage truck someday.

Mr. Mankins - You're to be congratulated for your thought. I wish some of the others that were here a few minutes ago would now see that we are able to do this with the depreciation funds.

Motion by Mr. Rogers to finance in house with the garbage depreciation fund. Seconded by Mr. Lantz.

Mrs.Hoyler - I calculated the monthly payment including the interest would be $473.33 per month over a five year period.

Mr. Riley - Even if you didn't calculate the interest you wouldn't be losing anything. You still get the basic figure back.

Motion carried.

H. Street Truck $15 Bed Replacement Bids

Recommending Baker Truck Equipment bid for $3,926.00.

Motion by Mr. Riley to accept the bid from Baker Truck Equipment. Seconded by Mr. Rogers. Motion carried.

I. Market Street and Latrobe Street Paving Bids

Recommending we accept the Harman Construction bid for milling of Latrobe and asphalt on Market and Latrobe Street. Project to be done in the spring of 1997. Base bid price of $42,607.10.

Mrs. Hoyler - Latrobe we said couldn't be paved until the construction was completed at the courthouse and we get a better rate by doing both streets at the same time. If the price of asphalt increases or decreases the bid price will be adjusted accordingly.

Mr. Mankins - If the county commission doesn't have anymore luck than they've had thus far bidding out that, we are liable to be doing this before they get the construction done.

Mr. Horacek - The construction at the courthouse could throw a wrench in our timing.

Mrs. Hoyler - I hate to do it before construction is complete, because they could really mess it up.

Mr. Lantz - Have they started that project?

Mr. Horacek - No. The bids came in way over.

Mr. Mankins - Obviously I don't want to do this and have it torn up, but at the same time I'm not willing to wait for two years and I don't have a whole lot of confidence on the way things are done up the street now. Even if we wait

until the end of next summer that would be acceptable, but I wouldn't want to go any further. Couldn't we arrange it that if they tear it up they fix it.

Mr. Horacek - Let me throw another matter in here. Looking at the cemetery bids, are we going to have the money. Obviously, if we go with Harman on this, the bid is substantially lower, are we going to have the funds for that?

Mrs. Hoyler - Yes, We have about $11,000. in cemetery for paving. That was the reason to put that option in for places that we're bidding. It save costs, because we have such a limited budget.

Mr. Riley - This time of year, will they get the cemetery anymore this fall.

Mrs. Hoyler - This would have to be done at the same time we do Market and Latrobe. Its having all of the equipment in town, we save the price of all the equipment moving.

Mr. Mankins - I would recommend we approve it and negotiate with Harman on the timing and watch very carefully with the courthouse so we are not doing something unnecssarily.

Motion by Mr. Lantz to accept the bid on Market and Latrobe Street paving from Harman Construction in the amount of $12,607.10. Seconded by Mr. Horacek.

Mr. Riley - Would you submit something to that motion? Tack something on there about after the construction at the courthouse on Latrobe Street.

Mr. Lantz - What do you add to it? Just the idea that if damage is done to the street at time of construction at the courthouse that repairs are made properly?

Mr. Riley - That would be a patch job.

Mr. Lantz - You're going to get a patch job anyway you go. You're going to get a patch job unless they do the whole thing and I don't think that they would bit on that.

Mr. Mankins - Do you want him to amend his motion to say "to corrdinate resurfacing of Latrobe Street with the construction project at the courthouse"?

Mr. Riley - That was my thought in mind.

Mr. Mankins - Would you accept that amendment to your motion?

Mr. Lantz - They may not even do the work up there.

Mr. Mankins - Do you accept that amendment?

Mr. Lantz - Yes, I'll accept that.

Mr. Mankins - Who seconded the motion?

Mr. Horacek - I did.

Mr. Mankins - Will you accept the amendment?

Mr. Horacek - Sure.

Mr. Mankins - The motion as amended is to accept the bid but to coordinate the repaving of Latrobe Street with the construction project at the courthouse.

Motion carried.

J. Halloween Trick or Treat Hours

Mr. Horacek - This was by doing because.

Motion by Mr. Horacek to limit trick or treat to an hour and a half. Seconded by Mr. Rogers.

Mr. Mankins - One thing you motion did state is what night?

Mr. Horacek - Halloween, 6 - 7:30 p.m.

Mr. Mankins - Councilman Horaceks motion was that "Halloween hours in Grafton be limited to Halloween night October the 31st from the hours of 6-7:30". Seconded by Councilman Rogers. Motion carried.

Mr. Mankins - For everybody's information the PTO at Anna Jarvis will be having an after hours costume party, judging, etc and hay ride on Friday, November the 1st. It will be broken down by grades.

K. Gasoline Tank Leaks - Corrective Action Plan

Mrs. Hoyler - Well, I can't delay it anymore. We really have to go out for bid on a corrective action plan. The next step in the whole process is to get a plan together, which comes up with alternative methods to correct the leakage of the ground water and soil. It requires that two to three alternative plans be proposed, one be selected. Then there has to be engineering design of what the process is, a schedule of how it will be implemented, a schedule of how it will be monitored, because the correction process will take just over a year. So we are talking about kindof a detailed plan. I really don't have any real fact feel for corrective plans will cost for this situation, but I would estimate we are probably talking for the plan alone would be around $10,000. That was what our primary site assessment ended up being.

Mr. Riley - That's one of those mandated laws isn't it?

Mrs. Hoyler - Yes, We were given until December to do the plan. We had an extension in that the person doing our hydrogeologic aquifer testing quit before the report was done, so that was delayed. It was sent to the DEP inspector, but he didn't forward it to the DEP geologist, so we have been buying some additional time. They want us to go out for bid on it next month. I'm requesting council approval to once I get the final word from the DEP geologist, which should be in this week or next, to go out for bids.

Mr. Horacek - So this is just for the plans?

Mrs. Hoyler - Just for the plan. Now the corrective action we have been warned by Omega Environmental that we could expect the action will cost between twenty-five and fifty thousand, depending on what DEP requires.

Mr. Riley - When was the last time the ground water was tested over there?

Mrs. Hoyler - August.

Mr. Rogers - Boy, I'll tell you this makes me so mad everytime I think about it. Wedug the tanks up, now the water is running in the ground where the tanks were and that's whats messing up the water?

Mrs. Hoyler - Yes.

Mr. Rogers - How come we're going to have to pay fifty thousand dollars to do what?

Mrs. Hoyler - We have to put the ground water back to drinking water level.

Mr. Rogers - In other words we've got to move the dirt.

Mrs. Hoyler - Have to move the dirt. We have to put in a filtration bubbling system to bubble out the impurities in the water to bring it back to drinking water standards, which is required by the clean water act.

Mr. Riley - I see lots of things over there.

Mr. Mankins - After we get that done, I want you to invite DEP and whoever the inspector is that goes around and I want them to dip a glass out of Three Forks Creek and drink it in my presence.

Mrs. Hoyler - I know. It is so ludricrous.

Mr. Rogers - That is the biggest bunch of crap that I ever heard tell of in my life.

Mr. Riley - Everyday on good rainy days when the water ponds where the street goes up by the little water department building-Bustys office, right down in Front Street it ponds up in nice big puddles. I don't care if it rains for two days, there is oil drop or two from somebodys automobile going by, you can sure see it. It goes right down into those wells that they drilled for us as a test site and we get blamed for the oil and carbons and what not. It's coming right off the street over there.

Mrs. Hoyler - The only one we're monitoring now is the one down by the creek. And that's the one that is still showing concentration.

Mr. Riley - And all our vehicles sit up on that top flat along with your hydraulics.

Mr. Mankins - We've had this discussion over and over and over again, but I'd like to suggest we take a slightly different tack with it. None of use are happy about it, but right now we're having to comply. Let's go ahead and continue to comply with it, but let's now, especially after the election, get representatives from Mollohans office, from Byrds office. Let them come over, let them see how much it has cost thus far, let them get an on site plan of what's going on here and project what it is going to cost this town for the leaks and see how ludicrous what we're being asked to do is.

Mr. Horacek - I'd like to see us figure how much it cost per gallon of what we've recovered in all. Is it going to be a thousand dollars or five?

Mr. Lantz - Have they estimated how much they lost.

Mrs. Hoyler - Yes. We're not talking a lot of contamination of the soil, but it was enough to raise the levels where it concentrates in the ground water.

Mr. Mankins - The site that she is talking about now Steve is down where all those trucks have been parked. People have parked there for fifty years.

Mr. Lantz - You could take a shovel full of oil and grease right off the top.

Mrs. Hoyler - Right. How much has filtered down, yes, agreed, the wells go down twenty to thirty feet. Even so, over time who knows. That was pointed out and we pointed out what was in the creek.

Mr. Mankins - Of it they look right across the creek.

Mrs. Hoyler - That was pointed out to them.

Mr. Rogers - To spend that much money. It ain't going to do any good anyway. The creeks already polluted. By the time it gets down there where they're talking about the pollution is going to be mixed up. It isn't going to make any difference anyway. It's a bunch of crap to suck the money out of us.

Mr. Riley - You can't raise a racket in that creek, let alone fish.

Mr. Mankins - If we don't have any objections - we know what we have to do at this point, if you don't mind let's follow that suggestion.

Motion by Mr. Horacek to advertise for bids for the corrective action plan. Seconded by Mr. Lantz. Motion carried.

IX. New Business

A. Paying of Bills

Second listing total - $64,076.38

Motion by Mr. Riley to approve the bills. Seconded by Mr. Rogers. Motion carried.

B. Paying of Bills and Change Orders - 1994 SCBG: River Crossing Project

Bill from Kelly, Gidley, Blair and Wolfe for inspection of project, along with two change orders.

Mrs. Hoyler - These are the change orders discussed by Bill Keaton a couple of meetings ago. Change order two - change in pipe. Change order three, change in size of connection due to different size of pipe and cost of connection.

Motion by Mr. Rogers to pay Kelly, Gidley, Blair and Wolfe $12,172.83 and approve the two change orders. Seconded by Mr. Horacek.

Mr. Riley - Should this be about all on the river crossing?

Mrs. Hoyler - Yes. Since at this point they are down to where they are going to do tie-ins and all. We should still have close to a hundred thousand leftover from this grant to do meter replacement.

Motion carried.

C. Paying of Bills - Water Distribution Project

United Welding bill for the Morasco tank pump station - $102,150.00 - 90% percent of the cost. City will retain 10% of the cost for project completion.

Mr. Riley - Something don't fit right in mind here. When we finally had the engineers in here, I forget his name - was that the owner of the company and we come to a conclusion of a pump station being down there. Did he drop ten thousand that night?

Mrs. Hoyler - Yes. That is what he had submitted the bill for the design of the pump station.

Mr. Riley - I thought I was right. So this is in the amount of $102,150. What was the total cost of the job supposed to be?

Mrs. Hoyler - A hundred thirteen thousand for United Welding not Kelly, Gidley.

Mr. Mankins - So the ten thousand would go directly to Kelly, Gidley, Blair and Wolfe. You argued them out of it that night.

Mr. Riley - I know I did.

Mrs. Hoyler - The $10,000. being held back will go to United Welding when the project is complete.

Mr. Riley - I argued the fact because it wasn't going to work without it. I tried to get that across to some people before they ever left town.

Mrs. Hoyler - We're not paying anything to Kelly, Gidley on the pump station design. We will have to pay an inspection fee.

Mr. Mankins - Is that what you are projecting the ten thousand for?

Mrs. Hoyler - Yes, because there will be system testing and start up.

Motion by Mr. Riley to pay United Welding 90% of the completion costs for the Morasco booster station for $102,150.00. Seconded by Mr. Rogers. Motion carried.

D. Alpha Delta Kappa Month Proclamation

Alpha Delta Kappa if a sorority for women in education and they've asked the city to do this. I would recommend that we pass this proclamation declaring October Alpha Delta Kappa month.

Motion by Mr. Rogers in Grafton to designate October as Alpha Delta Kappa Month. Seconded by Mr. Horacek. Motion carried.

E. Wastewater Treatment Plant - Sensor and Electric Box

Jim has requested a sensor and electrical box to prevent the stator in the pump from burning up.

Motion by Mr. Rogers to approve the purchase of a sensor and electric box for the wastewater treatment plant in the amount of $2080.00. Seconded by Mr. Horacek. Motion carried.

F. Change Meeting Date - November

The first Tuesday next times runs into election day. As this room is a polling place, it might be a little complicated. I would suggest that we change the first meeting in the month of November to the first Wednesday in November, Wednesday the 6th.

Motion by Mr. Horacek to change the scheduled date of our first council meeting in November to Wednesday night the 6th of November at 6:30 p.m. Seconded by Mr. Rogers. Motion carried.

X. Citizen's Voice

A. Marge Gerkin

1) The first thing I want to know is what is Mr. Lantzs address?

Mr. Lantz - 635 W. Main Street.

Mrs. Gerkin - You reside there right now?

Mr. Lantz - That is where I receive my mail. Yes, I am there sometimes.

Mrs. Gerkin - You reside there?

Mr. Lantz - Yes

2) Would you read this for me Dan out loud.

Mr. Mankins read his oath of office.

Mrs. Gerkin - You helped write the charter right?

Mr. Mankins - Yes ma'am.

Mrs. Gerkin - In the charter it says "the mayor shall preside at all meetings of the council, should be recognized as the head of the city government for all ceremonial purposes but shll have no regular administrative duties. The council shall chose for a term of two years one of its members you shall have the title of Mayor. The council shall also choose an assistant mayor, who shall act as mayor during the absence or disability of the mayor". You have been the mayor for two years.

Mr. Mankins - Yes ma'am I have.

Mrs. Gerkin - Then how are you serving as mayor?

Mr. Mankins - I was elected twice.

Mr. Rogers - We elected him back in.

Mrs. Gerkin - It says two years.

Mr. Mankins - I served a two year term and was elected for a second two year term by the council.

Mrs. Gerkin - It doesn't say so here.

Mr. Mankins - Well, I beg to differ with you, I think it does.

Mrs. Hoyler - The first meeting in july, he was elected again.

Mrs. Gerkin - But the charter says for two years.

Mr. Mankins - Yes ma'am it does, We complied with that, I was elected.

Ms. Whiteman - He was.

Mrs. Gerkin - He can serve for two more years? Where does it say that.

Ms. Whiteman - Once the council elects a mayor, the mayor serves for two years.

Mr. Rogers - We elected him for two years. Then he quit and we elected him again for two more years. And when he quits again we'll elect him for two more years.

Mrs. Hoyler - There is no term limit for office.

Mrs. Gerkin - I just wanted this straightened up, because as one of the charter members of the board that wrote this charter, it says two years.

Mr. Mankins - Let me help you a little bit. It does say two years and what we have done - there is an election every two years that changes the make up of council. Each time the makeup of council is changed there is an election for mayor, okay? Don't worry about me being there very long, there are no term limitations in the city charter. I personally believe in term limitations, so I'm not planning on making a home for mysleg there much longer.

Mrs. Gerkin - There is a limitation here of four years.

Mr. Riley - But it don't say he can't be re-elected for two more.

Mrs. Gerkin - I just don't want you violating your charter. That is the reason I asked Steve where he hlived. He has to live in his ward, not just a P.O. Box, but in his ward. Am I not right?

Mr. Mankins - Yes.

Mrs. Gerkin - And it also says and a resident of the ward from which he was elected. Anytime he would move he has a choice.

Mr. Lantz - If I move I will resign.

3) Is the Chief of Police still living in

Mrs. Hoyler - His residence is in Grafton.

Mrs. Gerkin - His residence, what does residence say?

Ms. Whiteman - I think black lung dictionary says - where you are domiciled, where you intend to stay.

Mrs. Gerkin - Where you live.

Ms. Whiteman - That is not the definition for it.

Mrs. Gerkin - Yes it is. It is in the definition I have.

Ms. Whiteman - Well, do you have the black lung dictionary Marge?

Mrs. Gerkin - No. But he is seen traveling back and forth from here to Fairmont. His family lives in Fairmont.

Ms. Whiteman - That's fine. His residence is in Grafton.

Mrs. Gerkin - Does he have voting rights here?

Ms. Whiteman - If he is a resident here yes.

Mrs. Gerkin - Does he have voting rights in Fairmont?

Mrs. Hoyler - No.

Ms. Whiteman - I wouldn't think so.

Mrs. Hoyler - He is registered to vote in Taylor County. His drivers license is Taylor County. That is all I can really say without violation of confidentiality.

Mrs. Gerkin - Here's another thing it says - all records or accounts of every office, department or agency of the city shall be open to inspection by any citizen, any representative of citizens organization or any representative of the press for all reasonable times and under reasonable regulations established by the city council.

Mrs. Hoyler - Um-hm. But that does not include city employees files. That is agains the Federal law to make those public. We cannot violate Federal law.

Mr. Mankins - Any personnel records are not included in that. Marge, I have no reason to believe that you wanted anything but us to be honest with that. I don't think anybody up here would knowingly violate the charter.

Mrs. Gerkin - I don't want you to violate the charter. It bugs me, it really does. He drives back and forth. I've had several people say well, I've seen the Chief of Police go buy here at ten minutes to eight. I think it would be hard on the rest of the police.

4) We passed the fire levy, right for the volunteer fire department?

Mr. Mankins - Yes, ma'am.

Mrs. Gerkin - We the people of the City of Grafton arepaying a fire fee - $4.25 a month.

Mr. Mankins - Yes, ma'am to the City of Grafton for the paid department.

Mrs. Gerkin - And then we're going to pay the fire fee for the volunteer fire department.

Mr. Mankins - Yes ma'am.

Mrs. Gerkin - Isn't this double jeopardy?

Mr. Mankins - No.

Ms. Whiteman - It doesn't even come close.

Mrs. Gerkin - Why?

Ms. Whiteman - Double jeopardy doesn't apply. You might think of it as double taxation, but the fire fee is not a tax. What you are paying to the

county, which apparently the majority of the citizens in Taylor County voted for. It was you all that voted for the levy.

Mrs.Gerkin - Here is the question. The volunteer fire department lives over here in the fire department. Are they paying rent?

Mr. Mankins - I hope not. If they are we have made a terrible mistake.

Mrs. Gerkin - Why

Mr. Rogers - Oh my god.

Mrs. Gerkin - Chesley you don't know what we're talking about.

Mr. Rogers - Honest to god I don't.

Mr. Mankins - Yes they are volunteers and they are providing a service. The whole idea of the taxation for the volunteer fire department - you as a citizen in Grafton or a citizen in Taylor County - you are not only supporting the volunteer fire department in Grafton, you're supporting the VFD at Thornton, Flemington and Boothsville. And that is what the 60% said that they would do that, so that the entire county would have protection. Better than 60% voted for it.

Mrs. Gerkin - I didn't realize it was for those other entities.

Mr. Mankins - That's where it all goes.

Mrs. Gerkin - So they are gleaning about $30,000. a year.

Mrs. Hoyler - Each of the four fire departments get $20,000. a year. When you consider that a third of the population of the voting county is in Grafton, Grafton people are paying more than their share.

Mrs. Gerkin - I don't know if you remember or not the night we were having a council meeting and they came in and upset the table and hauled the tables out. The tables belonged to them.

Mrs. Hoyler - Property taxwise, we probably have a higher concentration.

Mrs. Gerkin - You see theere is where your 911 comes in again. Because Flemington, we are going to be paying for the whole system and Flemington already has theirs so they couldn't care less. and the county is not going to pay for 911.

Mr. Riley - Being you commented on that, I'd like to express something I really shouldn't. I was on that squad for thirteen and a half years. TCEMS is merely a name of recognition it adopted when it was formed under charter. The charter reads non-profit, non-stock organization. The emergency squad in the Flemington district came about because of who is running the squad now. The first ambulance should never have been sent to Flemington, but I can't stop that and we'll never get it back. It was loaned out there to help this squad because they were short of membership and so on. Mr. Gallo liked it and he took it from there. That's the way it got started. It should have never been there and 911 wouldn't have been there. Do you follow me?

Mrs. Gerkin - Yes.

Mr. Riley - But it's done and there is nothing we as citizens can do about it. I don't like it.

Mrs. Gerkin - That's what I just don't understand. If we could go county wide with the Sheriffs Department the whole bit, look what we could save in this county, the city I mean.

Mr. Riley - But, you don't regulate a bunch of volunteers.

5) I'm really discouraged. Now here's just the way I feel about this city. Anytime somebody wants to do something, or wants to start a new business or anything that is coming here to Grafton, we get a grant. The grant is something that is not never paid back. It is just freegratis. We start a business, we hire say four employees and they do a feasibility study, which takes half of the garnt. And then we start going out a little bit farther. When the grant is gone the business is gone. So here we are spinning our wheels right?

Mrs. Hoyler - We don't get any of those types of grants. The Economic Development does.

Mrs. Gerkin - Look where the economic development has put us. Look where this rural enterprise has put us. They haven't done a thing that I can see. Can you?

Mrs. Hoyler - Oh yes. The Center for Rural Enterprise has been very helpful.

Mr. Mankins - That is why we wrote letters to the congressmen.

Mrs. Gerkin - We've got lots of nice little businesses started but when the grants gone -

Ms. Whiteman - The thing is, they are employing people and if you employ people that puts money into the community.

Mrs. Gerkin - I realize that. But you stop and think. They hire four people and they've got a $25,000. grant. You pay them even $5,000. a year, it's gone. Look at the money the county commission, with that Greene down here.

Mr. Mankins - Can I bring you back to the subject here on what we can handle.

Mrs. Gerkin - That's the reason Grafton will never grow. I'm feathering my own nest. What are you going to do with Main Street out here, with those houses out there?

Mr. Mankins - I think the bids are ridiculous too. The bids are high, there is no question about it. With regulations and asbestos it adds to it, it becomes even higher. Just like we were talking aoubt the oil, water and gasoline. Those are things that are forced down upon us and then we are forced to deal with them. But, let me ask you this, suppose that particular piece of property we are talking aoubt falls tonight. Now do you think the citys liability is going to be held at $30,000.? Suppose that somebody the property falls on is injured. Do you think we will be able to touch the liability that we might be under for $30,000.?

Mrs. Gerkin - Why is the city obligated?

Mr. Mankins - I'm not going to go into that. We've danced around that. We are because of the state law and we are again we don't like it and are working through the Municipal League as well as a lot of other people to get that changed. Because it is unfair.

Mrs. Gerkin - That's the same thing as with the gasoline leak. Go up the Tygart Valley River. We have a nice canoe that we'll let you use. Ben and I can show you 4/5 of the sewers in this city that are coming out into the Tygart River.

Mr. Mankins - We are aware of it.

Mrs. Gerkin - Here we are worrying aoubt these little teeny drops of gasoline, etc. We're all drinking the sewer water.

Mr. Horacek - That's not true, the intake is up above the dam, but we get it from Philippi now.

Mrs. Gerkin - I am worried about the City of Grafton. You're doing a good job, getting things pretty much in order and all your trucks and equipment are in good order, but are we doing anything positive? Look at the hotel down here. A million dollars that was allocatted to do something. They spent $45,000. on a feasibility study that we've had five different time, that I know of. All of us old fogies can sit back and say it will never be like it was before.

Mr. Mankins - Marge, thank you very much.

XI. Executive Session - Legal Issues

Motion by Mr. Rogers to go into Executive Session. Seconded by Mr. Horacek. Motion carried.

Adjourned at 9:25 p.m. Meeting reconvened at 9:34 p.m.

Mr. Mankins - While in executive session we discussed a pending legal metter and also a property issue.

Motion by Mr. Horacek to reject the demolition bids on 112 E. Washington Street. Seconded by Mr. Rogers. Motion carried.

Motion by Mr. Horacek to re-advertise for bids on the demolition of 112 E. Washington Street. Seconded by Mr. Rogers. Motion carried.

XII. Council Member's Hearing

Mr. Mankins - Tonight we mentioned about yard waste. In true conscience I can't ask very many people in Grafton to start compost piles in their back yard, because they don't have room for them. I'd like us to consider some place, like down on Front Street, maybe a community compost.

Mr. Horacek - We had talked about that before. I think it is a great idea.

Mrs. Hoyler - We might want to set it up out of town.

Mr. Mankins - Down at the quarry or something.

XIII. The meeting adjourned at 9:37 p.m.

Daniel E. Mankins

Daniel E. Mankins, Mayor

ATTEST:

Shirley M. Dougherty

Shirley M. Dougherty, City Clerk

Bills authorized for payment are listed on pages 137 through 150.

10/15/96 13:51:54
INVOICE SUBMITTED FOR PAYMENT APPROVAL
BLUEMONT CEMETERY FU

G-DATE	G-VENDOR-NAME	G-PO-DOC	G-AMT	G-PONR
09/25/96	ACE EXTERMINATORS INC EXTERMINATING/HOUSE/GAR	41241	85.00	
09/30/96	D & R DISTRIBUTORS INC GAS 9/17/96-9/30/96	H4392	140.22	
09/23/96	GRAFTON AUTO PARTS BACKHOE/WASHERS-PTS	77812	2.63	
09/23/96	GRAFTON AUTO PARTS BACKHOE-REPAIRS/PARTS	77813	1.75	
09/27/96	J T MARTIN CO 2 FIRE EXT/RECHARGED	13229	10.00	
07/31/96	J N LILLER, WARDEN JUL 96 INMATE WORK	73196	588.00	
09/30/96	WORKERS COMPENSATION DIV 3RD QT 96 WORKERS COMP	3-96	528.03	
SUBTOTAL BY (BLUEMONT CEMETERY FU)			1,355.63	

10/15/96 13:51:12
INVOICE SUBMITTED FOR PAYMENT APPROVAL
GENERAL FUND

G-DATE	G-VENDOR-NAME	G-PO-DOC	G-AMT	G-PONR
09/30/96	ALLEGHENY POWER SEP 96 STREET LIGHTING	9-96	5,159.24	
10/07/96	AT&T CREDIT - GLOBAL OCT 96 COMPUTER-LEASE	299760	291.34	
10/03/96	BUILDERS SERVICE C HALL-PANIC SYS INSTALL	183560	30.85	
10/07/96	BUILDERS SERVICE C HALL-PANIC SYSTEM	183723	11.68	
10/08/96	BUILDERS SERVICE C HAL-PANIC SYSTEM	183760	7.19	
10/09/96	BUILDERS SERVICE STREET-SIGN PAINT/SUPPLY	183808	16.05	
10/09/96	BUILDERS SERVICE C HALL-LUMBER/PK DECK	183831	115.26	
10/10/96	BUILDERS SERVICE STREET-MORTAR BOX-SUP	183883	85.63	
10/01/96	BUILDERS SERVICE STREET-80 FT CULVET PIPE	4890	139.65	
10/04/96	COUNTRY CLUB CHRYSLER FIRE CAR 103 REPAIR/POL	96-10-10	71.39	
09/30/96	CRIMINAL SAFETY DIVISION POL-T STEVENS/ACADEMY	101896	1,500.00	
09/30/96	CLARKSBURG PUBLISHING CO CLERK-TELEPHONE SYSTEM	96-09-119	37.90	
09/30/96	CLARKSBURG PUBLISHING CO BIDS/PAVING-CEMETERY	96-09-55	53.38	
09/27/96	COMPLETE SYSTEM SUPPORT 1996-97 COMPUTER SERVICE	332	542.34	
09/30/96	D & R DISTRIBUTORS INC STREET/GAS 9/17-9/30/96	H4392	281.86	
09/30/96	D & R DISTRIBUTORS INC POL-GAS 9/17-9/30/96	H4392	153.57	
09/30/96	D & R DISTRIBUTORS INC C MGR-GAS 9/26/96	H4392	14.64	
09/26/96	DOLLAR GENERAL STORE GARAGE-TOWELS/CLEANING	96-09-135	22.50	
10/03/96	DOLLAR GENERAL STORE FIRE-LAUNDRY SUPPLIES	96-10-27	15.00	

CITY OF GRAFTON

1 West Main Street, Grafton, WV 26354

18

AGENDA
Regular Meeting Grafton City Council
Tuesday, March 21, 2000
6:30 p.m.
City Council Chambers

I. ***Invocation***

II. ***Pledge of Allegiance***

III. ***Roll Call***

IV. ***Minutes of Regular Council Meeting, March 7, 2000***

V. ***City Manager's Report***

VI. ***Communications***

VII. ***Commission, Committee Board, Project and Conference Report***

VIII. ***Old Business***

- *A.* ***Second Reading Ordinance No. 682*** ✓
- *B.* ***Public Hearing Ordinance No. 682***
- *C.* ***HARP Roads***
- *D.*

IX. ***New Business***

- *A.* ***Payment of Bills – Regular Budgetary Bills***
- *B.* ***Ordinance No. 683: Amend Sewer Rate Increase***

X. ***Citizen's Voice***

A. *B.*
C. *D.*

XI. ***Executive Session – Legal Issues per WV Code 6-9A-4(b)(12), Contract Negotiations per WV Code 6-9A-4(b)(9) and Personnel Issues per WV Code 6-9A- 4(b)(2)(A)*** (If needed)

XII. ***Council Member's Hearing***

XIII. ***Adjournment***

19B

Grafton City Council Meeting
Tuesday, March 21, 2000
6:30 P. M.

I. & II. ***Invocation & Pledge of Allegiance***

Invocation and Pledge was dispensed.

III. ***Roll Call***

Roll Call was taken. Those present were Mayor, Thomas Horacek; Vice Mayor, Jeffery Tansill; Councilmen Chesley Rogers, Jim Morgan and Beryl Riley. Also present were City Manager; Kevin Stead, City Attorney; Fran Whiteman, Finance Director, Larry Richman and City Clerk, Gwen M. Basford.

IV. ***Minutes of Regular Council Meeting, March 7, 2000***

Motion to approve the Regular City Council Minutes, as amended, of March 7, 2000 was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

V. ***City Manager's Report***

City Manager stated that he spoke with Jeff Kosak in New York about the Hydro Electric Project concerning the deadline extension not being granted. Mr. Kosak is going to Washington concerning the deadline to see if he could extend the deadline. Mr. Kosak stated that it was no big deal, don't worry about it. City Manager requested that he come to a Council Meeting. Meeting is set for either May 16, 2000 or June 6, 2000.

On Monday, March 13, 2000 he was in Charleston for the SCBG Application Seminar. He received better knowledge of what is involved with writing the SCBG. The City is applying again for a SCBG in May for the Sewer Plant. City Manager has two letters from the USDA and State Health Department stating the problems with the sewer and sewer lines in both Pruntytown and Parkview Communities. The girls in the Finance Department have been working on the income survey. The last survey was not properly filled out. The City and County are both applying for $3M. You must justify your needs.

He spoke with the Executive Director of the YMCA last week. They are interested in running a summer program at the pool. The one requirement that they had was that they would need an indoor facility for when the weather is bad. It was mentioned that Anna Jarvis had a summer program through North Central Community Action, but that only went up to the fourth grade. The YMCA would go through high school age.

The Mayor talked with the TVDA about the Lutheran Church. They approved the use of the $6,000.00 the City has in a CD, for the demolition of the Church. Jahtze is the lowest bidder.

The Sewer Grant Application must be in by May. The Mayor stated that they originally thought of going after money for the Parkview and Pruntytown, but he is beginning to lean towards requesting money for either the separation of storm-sewer along with that or that plus the conversion of the tank on Berkley Run to a primary treatment system. Mayor stated that his wish is not to raise rates. He also stated that the City should apply

for a grant to put a road boar under Rt. 250 at Pruntytown and perhaps Rt. 50 as well, going across to the elementary school. Then they could use the city crew to extend sewer lines up as they can do it. It would save an enormous amount of money and would accomplish the same thing. Approximate cost for the road boar would be $100,000.00.

Councilman Riley stated that in Parkview there were no sewer lines there. The City sewer line is at Grand and High Streets. Why didn't the county invest in Parkview and bring it to the city line. This way, the city could have handled Pruntytown. They could have improved Parkview and the City could have handled Pruntytown. Vice Mayor Tansill wanted to know who was responsible for the Parkview area sewage going into the river. The Mayor stated that no one is.

VI. ***Communications***

A Levy Estimate was received from Finance Director, Larry Richman.

A letter from Jim Smith, agreeing that all of the City and County people have to work together if they are to get ahead.

A letter from National Day of Prayer. Asking that May 4th be declared National Day of Prayer in the City of Grafton.

A memo from Busty Weber talking about the water loss. Also included was a chart to show how to compute the water loss.

A copy from the Dominion Post talking about all but two counties in West Virginia that are economically distressed.

Municipal League publication concerning the Legislature 2000.

A report from Region VI.

A notice from WV Planner. They are having an association meeting for next week in Wheeling. City Manager may want to attend.

A letter of resignation from City Attorney, Fran Whiteman.

VII. ***Commission, Committee, Board, Project and Conference Reports***

There were no reports at this time

VIII. ***Old Business***

a. ***Abandonment of Unnamed Alley***

Ordinance No. 682 was presented for Council.

City Clerk read the short version of the Ordinance.

An Ordinance vacating, abandoning and annulling an unopened 16 foot alley between lots 1 & 2, Nuzum Plat, Located at Route 3, Grafton, owned by Gregory A. & Candace J. Layfield in the City of Grafton.

Motion to approve the abandonment of the unnamed alley located at Nuzum Plat, Route 3, Grafton was made by Vice Mayor Tansill and second by Councilman Rogers. Motion carried.

b. Public Hearing of Unnamed Alley

Kenneth Litzinger stated that he had no objections to this Ordinance.

c. HARP Roads

City Manager stated that the DOH is willing to make a trade with the roads. If the City would take over Roschelle Road, they are willing to take all of Lucretia, Haymond Road, West Main, Market Street and Monroe Street. Busty Weber stated that the City maintains it through the wintertime. There has been problems in Lucretia with Circle View Drive. And there are problems now with West Main Street. The road is cracked again and City Manager is afraid that it is going to slip again.

Councilman Morgan asked that if they wanted to, could the City pull out of this project and City Manager stated yes they could.

The Mayor read the Resolution as follows:

A Resolution of Council relinquishing the maintenance and upkeep of West Main Street, Haymond Road, Market Street, Monroe Street, Springdale Road, Ruth Street, Linsey Street, Wolfe Street, Third Street, Second Street and Leon Street and Circle View Avenue located within the corporate boundaries of the City of Grafton to the West Virginia Department of Transportation, Division of Highways.

Motion to approve this resolution was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

The second resolution was read as follows:

A resolution of council accepting the maintenance and up keep of Rochelle Road and located within/out the corporate boundaries of the City of Grafton from the West Virginia Department of Transportation, Division of Highways.

Motion to approve the Resolution for accepting the maintenance and upkeep of Rochelle Road was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

d. East End Properties

City Manager spoke with Hadley Wyckoff about his properties.

There was some discussion about Hadley's properties and City Manager had a map showing where they were.

City Manager told Hadley that the City was interested in obtaining his property so they could get it cleaned up. Hadley wanted to make a deal that the City would relinquish an alley by Hadley's property on Pearl Street and in return, he would relinquish the East end properties.

IX. ***New Business***

a. Payment of Bills

Motion to approve payment of the bills in the amount of $29,281.18 was made by Vice Mayor Tansill and second by Councilman Rogers. Motion carried.

b. Payment of HUD/EDI Bills

Motion to approve payment for the HUD/EDI Bills in the amount of $15,178.94 was made by Councilman Rogers and second by Councilman Riley. Motion carried.

c. Ordinance No. 683: Amend Sewer Rate Increase

City Manager received a letter from the PSC stating that there were problems with certain sections of Ordinance No. 676. The sewer connection charge should be omitted. It should be the same for inside and outside City Limits. The bad check charge should be omitted. The charge should be $15.00 not $20.00

City Clerk read Ordinance Number 683 as follows:

An Ordinance amending the City of Grafton Sewer Rate enacted October 19, 1999.

d. Advertisement of City Attorney

Motion to approve advertising for a new City Attorney was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

X. *Citizens Voice*

Kenneth Litzinger asked where the City was with annexing the property near the dam. He also stated that the street sweeper was too loud and a nuisance. He also stated that he thought that Lloyd Spring, Municipal Judge deserves a raise.

The Mayor stated that Mr. Spring did get a raise just before he left the position before. And that the first time the street sweeper is run during the spring it will leave dust.

City Manager stated that right now the plans for annexation were on hold.

XI. ***Executive Session***

There was no need for an Executive Session

XII. ***Councilman's Hearing***

Councilman Morgan stated that he asked the Volunteer Fire Department to hose down Main Street. He said they had no problem with that as long as the City paid for gasoline for their trucks.

City Manager stated that the street department would be sweeping off the sidewalks on Main Street.

Vice Mayor Tansill stated that he would like to see inside the Willard Hotel and the Anna Jarvis Birthplace. The City Manager stated that he would be able to arrange that. Tentative date is for May, 2000.

City Manager stated that the trash pickup was working out well.

Adjourn: 7:42 p.m.

_____

Mayor Thomas Horacek

ATTEST:

_____

Gwen M. Basford, City Clerk

CITY OF GRAFTON

1 West Main Street, Grafton, WV 26354

19

AGENDA
Regular Meeting Grafton City Council
Tuesday, April 4, 2000
6:30 p.m.
City Council Chambers

I. *Invocation*

II. *Pledge of Allegiance*

III. *Roll Call*

IV. *Minutes of Regular Council Meeting, March 21, 2000*

V. *City Manager's Report*

VI. *Communications*

VII. *Commission, Committee Board, Project and Conference Report*

VIII. *Old Business*

→ *A.* *Second Reading Ordinance No. 683: Amend Sewer Rates Ord. No. 676*
→ *B.* *Public Hearing Ordinance No. 683: Amend Sewer Rates Ord. No. 676*
C. *SCBG: Sanitary Sewer Department*
D. *Underground Storage Tank at Sewer Department*

IX. *New Business*

A. *Payment of Bills –*
1. *Regular Budgetary Bills*
2. *HUD/ EDI Willard Hotel*

B. *Alcohol Awareness Month Resolution*
C. *Open Bids for Three Foot Gradeall Bucket*
D. *Open Bids for Maple Avenue Tennis Courts*
E. *Open Bids for Comprehensive Insurance*
F. *Open Bids for Corrective Action Plan*
G. *First Reading Ordinance No. 685: No Loitering & Penalties*
H. *First Reading Ordinance No. 686: Under Age Drinking*
I. *Lucretia Sewer Line Extension*

X. *Citizen's Voice*

A. Kenneth Litzinger *B.*
C. *D.*

XI. *Executive Session – Legal Issues per WV Code 6-9A-4(b)(12), Contract Negotiations per WV Code 6-9A-4(b)(9) and Personnel Issues per WV Code 6-9A- 4(b)(2)(A)* (If needed)

XII. *Council Member's Hearing*

XIII. *Adjournment*

19C

Regular Meeting Grafton City Council
Tuesday, April 4, 2000
6:30 p.m.
City Council Chambers

I. & II. Invocation & Pledge of Allegiance

Invocation was given by Vice Mayor Tansill and the Pledge of Allegiance was said by all those in attendance.

III. Roll Call

Roll Call was taken. Those present were: Mayor Thomas Horacek, Vice Mayor, Jeffery Tansill; Councilmen: Chesley Rogers, Jim Morgan and Beryl Riley. Also present were City Manager, Kevin Stead; City Attorney, Fran Whiteman and Finance Director, Larry Richman.

IV. Minutes of Regular Council Meeting, March 21, 2000

Motion to approve the minutes of March 21, 2000 was made by Vice Mayor Tansill and second by Councilman Rogers. Motion carried.

V. City Manager's Report

Fire Department mini pumper has been completed. A letter from Fire Chief Beall was submitted. He stated that he was thankful for all of the firemen both paid and volunteer for the use of their personal tools to finish the truck.

Street Repair. Painting will be done. He asked Council to submit ten streets that the street crew could possibly pave this summer with the portable street paver.

Governor's Highway Safety Grant. In March, Grafton was awarded this grant for approximately $18,000.00. The following items can be purchased:
Smart Cart, additional lighting for car 24, laser radar, blue lenses for cars 22 and 23, interface card for the police radios that can be installed at the 911 Center, and a portable camera for car 24, this could be used for servalence and automobile accidents.

Police Radios. Last week he and Jeff Leach met with the 911 Center. Dave Holcomb and Stuart Cayah expressed concern over having two law enforcement agencies under two different frequencies. They wanted to know if both departments could combine the two. Chief Leach told them that the City has already purchased the FCC License and have the frequency. City Manager stated that he tried to contact County Commission on three different occasions about the situation in December and January. They said something to Clark Sinclair, and I don't personally feel that this is a problem with the City, I think Clark expressed concern that he wanted a frequency by himself for only his department and that's why they have two different frequencies. I said the City would be willing to work the Sheriff's Department.

Yesterday, we received notice that we are eligible to apply for a COPS Grant application. There was some mistakes in the application a couple of years ago. This past winter Jeff Leach, Larry and myself showed our needs for assistance.

We were able to justify our needs and soon we will be applying for these grants. They provide 75% of two officers salaries. This will no doubt help the 2000-01 Budget.

The Dog Warden report is submitted into your packet that I handed to you. Along with the Water Report. Our net water loss decreased by almost 5%. Also included is the monthly water report and the building inspector report.

The next item is the dilapidated structure report. Yesterday, Wayne condemned those five houses that we have listed there. Building Inspector, City Clerk and myself decided to start completely over with the legal process on these structures. Go through notification of the landowners and wait for the ten days to make sure we are doing everything legal. If nothing is done within the next couple of months, I'm requesting that we take further action on these houses. I know these are some of them that the mayor and some other council members have expressed concern over on West Washington Street. The house on 215 High Street, the land owner above will purchase this house and demolish it. We have been trying to get this house demolished. Councilman Morgan and I have talked to the landowner above it last week. I'm going to pull the two parties in, the owner and the people who live above the house. I'm going to ask them to come in and try to mediate the two parties.

Hadley Wyckoff is going to talk to property owners where he wants to abandon the alley that he wants.

Gene Paul Behan property on April 20th at 10:00 will be auctioned in front of the courthouse. Mr. Gory had to redeem the property for back taxes in the amount of approximately $1,600.00. He will require administration fee for services if Council is still interested in the property, they need to let me know how much to bid for the property. Mr. Gory stated weeks ago that he received a call from the Federal Government showing intent to purchase this property.

Consent Decree, I asked Steptoe and Johnson to send me a copy or a letter outlining the consent decree so I may submit it with SCBG application. Chris Anderson will send something in writing within the next week.

Monthly report on parking meters. Year to date we have taken a little over $13,000 in parking meters. Mayor stated that the lots in Morgantown went to fifty cents per hour.

Zoning Ordinance was brought to my attention from the Board of Zoning Appeals. He stated that Council must change the zoning map. This is in regard to the Grafton Homes wanting to put a duplex in the Brownlow area. They wish to change from an R1 to an R2 Zoning. City Manager is requesting the City Attorney look over this ordinance and give a proper description to this. She already has a copy of the ordinance. Notice has been the in the newspaper that there is a position open on the Appeals Board.

Sidewalk program has been started. The program provides the labor for replacing the sidewalks. The citizen pays for materials.

City Manager received notice from the USDA regarding America Discoveries Trail. The organizers are looking at coming through downtown Grafton. I submitted to you a brochure that they gave me.

A. Alcohol Awareness Month Resolution

Christian Dubeck, a fourth year medical student at WVU read the Resolution.

The mayor stated that it should be noted that at times we don't recognize how damaging alcohol can be.

April 7-9, 2000 has been designated as alcohol free weekend.

Motion to approve the Alcohol Awareness Month was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

VI. Communications

Official notice ordering the termination of the license for hydroelectric project. City Manager stated that he notified Congressman Mollohan, Senator Byrd and Senator Rockefellow trying to get this renewed.

Division of Highway regarding a letter to Senator Byrd stating that they would like to get help in paving the streets. Sam Beverage, Commissioner of Highway Transportation wrote back

Children's Home Society of WV regarding a Children's Memorial Flag.

Notice of Employer Appreciation Banquet sponsored by the WV Division of Rehabilitation Services.

Letter from WV Division of Environmental Protection stating that they are approving our facilities planned contingent upon approved public participation work program.

Notice of deadline for SCBG. First one is May 5th. For the wastewater treatment and the other for July 14th for Community Development for light removal.

Letter from office of Emergency Services that people should apply for flood relief funds soon.

VII. Commission, Committee Board, Project and Conference Report

None.

City Manager stated that he met with people from FEMA regarding the February flood. The City is getting roughly $2,700.00 from FEMA.

VIII. Old Business

A. Second Reading Ordinance No. 683: Amend Sewer Rates Ord. No. 676

Finance Director read the short reading of Ordinance NO. 683.

Ordinance NO. 683. An ordinance amending the City of Grafton Sewer rate ordinance enacted October 19, 1999.

Motion to approve the second reading of Ordinance No. 683 was made by Vice Mayor Tansill and second by Councilman Morgan.

B. Public Hearing Ordinance No. 683: Amend Sewer Rates Ord. No. 676

Kenneth Litzinger asked if there was anything specifically the public needs to know. The Mayor stated that the rate structure was to be the same for both the inside and outside residents. There was no rate increases made since Ordinance NO. 679 paid.

Motion was carried.

C. SCBG: Sanitary Sewer Department

City Manager stated that they were applying for a grant. He handed out a projected budget. He stated that they needed to know for sure the amount that they were going to apply for. He stated that it was going to be hard to obtain this grant.

Mayor stated that they need to renew the plans to see which ones are going to come first. Next meeting the mayor requested that the County Commission attend to finalize whether they would apply separately or jointly.

D. Underground Storage Tank at Sewer Department

City Manager stated that the gasoline tank at the Sewer Plant is empty and must be removed. Property must be tested for any gasoline leakage. The Sewer Department can remove the tank. Jim Pennington stated that he did not believe it was leaking.

IX. New Business

B. Payment of Bills –

1. Regular Budgetary Bills

Motion to pay the City bills in the amount of $115,071.77 was made by Vice Mayor Tansill and second by Councilman Rogers. Motion carried.

2. HUD/ EDI Willard Hotel

Motion to pay the HUD/EDI Grant in the amount of $22,900.00 was made by Councilman Riley and second by Vice Mayor Tansill. Motion carried.

C. Open Bids for Three Foot Gradeall Bucket

Gress Equipment Company in the amount of $8,606.69

North Central Paving, Inc. in the amount of for paving base court $22,824.00
And $8563.00 for color coating the double tennis court in the amount of $31,387.00

Stone Paving in the amount of $28,900.00 including both the paving and painting.

E. Open Bids for Comprehensive Insurance

United Security Agency, Common Wealth, in the amount of $70,919.17.
United Security Agency, St. Paul Insurance in the amount of $78,676.08.

F. Open Bids for Corrective Action Plan

City Manager asked that Council for permission to re-submit these going out for bid. He said there were some problems with the proposal and the companies had some questions that he would need to clarify. He now understands what is required and would rather go out for re-bid.

Fran stated that the bids should remain un-open and notify all those that submitted the bid.

Motion to cancel bid and to re-submit a new bid was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

G. First Reading Ordinance No. 685: No Loitering & Penalties

Finance Director read the first reading of Ordinance No. 685.

An Ordinance creating the offense of nuisance loitering, defining those acts which constitute such offense, and establishing penalties therefor.

Motion to approve the first reading of Ordinance No. 685 was made by Councilman Rogers and second by Vice Mayor Tansill. Councilman Morgan voted no. Motion carried.

H. First Reading Ordinance No. 686: Under Age Drinking

Finance Director read the first reading of Ordinance No. 686.

An ordinance Prohibiting the sale or furnishing of non-intoxicating beer. Alcoholic liquor, or wine to any person under the age of twenty-one years, prohibiting the purchase, consumption, or possession of such substances by a person under the age of twenty-one years, and establishing penalties therefor.

Motion to approve the first reading of Ordinance No. 686 was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

I. Lucretia Sewer Line Extension

City Manager received a letter from Jim Pennington. Three people were requesting a sewer line tap in the Lucretia area. Work can be done in-house.

cost. He estimated that it would be approximately four years to cover the loss. He requested permission to go to County Commission to request help in obtaining some of the cost for the project. Permission was granted for City Manager to go and talk to County Commission.

X. ***Citizen's Voice***

Kenneth Litzinger commended City Manager in his work so far. In the WV newspaper it stated that Grafton City Police Officers handed out a good driving record. It should have been the Taylor County Sheriff's Department.

XI. ***Council Member's Hearing***

Councilman Riley asked at Christiana Street bricks. He said the street department did not put the bricks back when they had a water leak. City manager will talk to Busty Weber about this.

XII. ***Adjournment***

8:17 p.m.

_____
Thomas L. Horacek, Mayor

ATTEST:

_____
Gwen M. Basford, City Clerk

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WV 26354
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 10/20/99

Account #
STEPTOE & JOHNSON
C/O VINCENT COLLINS
PO BOX 2190
CLARKSBURG WV 26302

INVOICE 8101 AMOUNT REMITTED _____

RE: NOTICE OF PUBLIC HEARING ON BOND ORDINANCE
INSERTION DATES: 10-8, & 10-15

AMOUNT DUE: $69.83 PLUS $2 Aff. Fee

Legal Rate Information: 7 cents per word for first insertion and 75% per insertion thereafter. FEIN # 363672215

MAKE CHECKS PAYABLE TO
THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WEST VIRGINIA 26354
PLEASE PUT INVOICE NUMBER ON CHECK
NOTICE: 1 1/2% SERVICE CHARGE IF NOT PAID IN 30 DAYS
MINIMUM $ 1.00

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR,SS:

Jean M. Ellerman, Publisher of the Mountain Statesman, a newspaper published at Grafton in said county do hereby certify that the annexed Legal # 8101 was published once a week for two successive weeks in said Mountain Statesman newspaper as aforesaid, commencing on the October 8, 1999

Given under my hand this 20th day of October

Jean M Ellerman Publisher

Printers fee $_____

West Virginia, Taylor County, To Wit:
Subscribed and sworn to before me this

October 20, 1999

Monica G Robinson Notary Public

My Commission Expires October 15, 2007

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MONICA G. ROBINSON
404 ROGERS STREET
GRAFTON, WV 26354
My Commission Expires October 15, 2007

LEGAL

CITY OF GRAFTON
NOTICE OF PUBLIC HEARING
ON BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Grafton (the "City") to be held on October 19, 1999, at 6:30 p.m., in the Council Chambers at the Grafton City Hall, 1 West Main Street, Grafton, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE DESIGN OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF GRAFTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $740,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the City on October 5, 1999.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of preliminary planning and design of a sewerage improvement project for the City. The Design Revenue Bonds are payable solely from revenues to be derived from the ownership and operation of the public combined waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Clerk of the City for review by interested parties during regular office hours.

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

Dated: October 8, 1999.

s/
s Gwen Basford
Clerk

LEGAL 8101
10/8, 10/15

CITY OF GRAFTON

1 West Main Street, Grafton, West Virginia 26354

6

AGENDA

Regular Meeting
Grafton City Council
Tuesday, September 21, 1999
6:30 P.M.
City Council Chambers

I. Invocation

II. Pledge of Allegiance

III. Roll Call

IV. Minutes of Regular Council Meeting, 7 September 1999

V. City Manager's Report

VI. Communications

VII. Commission, Committee, Board, Project and Conference Reports
- A. Firemen's Parade on October 2 – Dave Crimm, GVFD
- B. Sewer Line at Three Forks Creek – J. Pennington, Sanitary Department
- C. Commission and Board Appointments

VIII. Old Business
- A. First Reading – Ordinance 676: Bond Issue for Wastewater Improvements Design
- B. First Reading – Ordinance 677: Sewer Rates for Bond Issue
- C. Open Bids for Trailerable Street Paver
- D. Bids for Paving of West Wilford Street

IX. New Business
- A. Payment of Bills
- B. Payment of Bills – 1998 HUD EDI Special Project Grant for Hotel/Depot
- C. Payment of Bills – 1998 Community Development Grant for Anna Jarvis Center
- D. Children at Play Signs – sponsored by First Community Bank
- E. Police Department – Grants Expiration and Budget
- F. Request for Minor Boundary Adjustments
- G. Resolution on Open Governmental Proceedings Rules
- H. 1998-1999 Police and Fire Pension Funds Financial Statements
- I. Storage Building at Water Treatment Plant

X. Citizen's Voice

A.	B.
C.	D.

XI. Executive Session – (if needed) Legal Issues per WV Code 6-9A-4(b)(12), Contract Negotiations per WV Code 6-9A-4(b)(9) and Personnel Issues per WV Code 6-9A-4(b)(2)(A)

XII. Council Member's Hearing

XIII. Adjournment

OCH

21A

City Council Meeting
Tuesday
September 21, 1999
6:30 p.m.

I. & II. Invocation and Pledge of Allegiance

Invocation was given by Mayor Horacek and the Pledge of Allegiance was said by all those present.

III. Roll Call

Roll Call was taken. Those present were Mayor Thomas Horacek, Vice Mayor Jeffrey Tansill; Councilmen Chesley Rogers and Beryl Riley. Also present were City Manager, Donna Hoyler; City Attorney, Fran Whiteman and City Clerk, Gwen M. Basford.

IV. Minutes September 7, 1999 Council Meeting

Motion to approve the minutes of the September 7, 1999 Council Meeting was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

V. City Manager's Report

DONNA: We have received, you have a copy of the report from Gwen on the hotel roof repair. She attended the meeting last week for me while I was out ill. According to the engineer and the construction people, she was a real trooper as they put it! They had her go up on the roof and everything. But, the roof completion is well ahead of schedule. They did not encounter the problems that we kind of expected and might not have to. They are finishing up on the guttering and facias. They finished laying the rubberized material on the roof top. And they are working on and inspecting to make sure the drainage throughout the building are clear and are not leaking. So, this rainy weather has been helpful because they are able to do some monitoring. But they really need some good heavy rain to coming down to make sure everything is okay up there.

MAYOR: Are the preliminary reports positive in terms of the assumptioning.

DONNA: So far, yes.

MAYOR: Good.

DONNA: At this point, I think they still have yet to install the mechanical vents and again finish up on the drain, but they are getting pretty close. They are hoping to like the first week in October to be done with the project. Barring any severe problems with the drain in the building. As it stands right now, talking to Jim Blackwood. We have not

used any of the contingency funds. So, we'll have approximately between $12,-15,000.00 left over from that. One of the things that we had talked about in the past was correcting the leaks on the depot roof if there was money left over from this. That's something that Jim was going to ask them to price out. The other thing, I talked with Laura Kuhns with McCabe Henley and the Vandalia Heritage Foundation and something that is definitely needed is to get all of the remaining stuff from the hotel and the depot. CSX left just mounds of papers and old files and things.

ROGERS: Stuff that can be thrown away?

DONNA: Yes. Yeah, we had sorted through and retained anything that might be of historic value or other value, but there is just tons of records around and she is going to talk to Vandalia about you know, while the dumpsters were here and the crew was here that they could just clean in a day with assistance from city folk and Community Action folk. Just all go in and just get everything out and throw it away. So, she was going to talk with Jim Blackwood and Vandalia about that as well as another potential use. So, by the next council meeting we should have definite proposals on usage and again to see if there are remaining funds. But so far, according to the contractor and our architect, it really turned out to not have as much damage up on top as we would have anticipated.

MAYOR: Donna, can I make a suggestion

DONNA: Sure

MAYOR: If we move to throw away stuff, let's make a final kind of screening of the material. There may be modern or semi-modern, I don't know what you want to call it, that can be of use down the road. Since we have the free storage. But that would make sense to perhaps save some things.

DONNA: yes.

MAYOR: Just on a wild chance. We might just have the Council sometime go down and help with that.

DONNA: Okay.

MAYOR: So we can get a feel of that.

DONNA: On Wal Mart, I'm sure that will be discussed later, but this generally the progress is excellent with that project. The parking lot is going in. They finished painting the exterior of the building and they are doing interior work on the building. What I don't know because I haven't been inside. The Mayor, County Commissioner Bob Weaver, Donna Gallagher, Larry Weaver from the local Department of Transportation and then other representatives, Walter Murphy, and

MAYOR: Ron Smith

DONNA: Ron Smith from Department of Transportation. We all met yesterday to discuss the situation for entry and exit from the Wal Mart site to the Route 119 and what the plans were there. As it stands, the preliminary plans, Wal Mart has requested and will be paying for the installation of the traffic signal there. With flashing lights warning of the oncoming traffic signal. And approximately, I don't know, 3-400 feet from the traffic signal.

MORGAN: In each direction?

DONNA: In each direction. However, they are not doing significant changes to the road way itself to widen it. They'll put a left turn lane only from the North bound direction of 119 but not a right turn from the south bound. So, people coming around that steep curve, will not be able to turn off. They would be coming to a stop at the signal. So, there was a lot of discussion also, the situation of where the Wickwire Road feeds in to that whole area. So, there was a lot of discussion on changes and DOT is going to go back and discuss it with the Charleston office. Where the actual engineering work is being done with the Wal Mart engineers. And they will come back with the results as a result of that meeting. The local DOT people were very, very helpful. Larry Weaver in particular on your suggestions on rounding and changes, but would not be very expensive, but would certainly alleviate a lot of the safety issues that we're concerned about. Also,

MORGAN: The traffic light coming southbound on 119, is the traffic light going to be so where, there's a curve out there

DONNA Right.

MORGAN: Are they going to be able to see that traffic light from beyond the curve? Or are they just going to have a flashing light saying traffic light ahead? Like in Bridgeport. When you go down Bridgeport Hill and you go around that curve, if you're not from that area, wham! There's a taillights right there.

MAYOR: The present problem is, is they do not plan to cut the bank. On the other side of the revision. And we discussed that.

MORGAN: So, Charleston is going to kick that around down there?

MAYOR: Well, yeah, we hope! LAUGHS

MORGAN: You know, I talk about Bridgeport, you know,

MAYOR: I know exactly what you mean..

MORGAN: There's about three cars to that traffic light, and you're the fourth car going down there,

MAYOR: Well, I've got a letter here, Jim, there's a letter someplace there to DOH, that I wrote following that meeting. And, I want us to review it to see if we want to add anything to that.

DONNA: Also at the Wal Mart site, George Piggot, our engineer, go and view where the excavation had been done, on our property and he agrees that there's a problem of future erosion there. The way it's set up. So, he's going to be writing a report on the property. But, we definitely are going to need to talk to developers about straightening that out. And

MORGAN: Just because it's too steep.

DONNA: Yeah, it's too steep, it doesn't have any steps and they weren't planning to seed or anything like we had put, that has to be done. So, once we get his report than we can take it back to the developer.

MORGAN: We gave him all that dirt for free. All that fill dirt.

DONNA: Right. Yeah.

MORGAN: If they had to haul that in from some place else, that would be a pretty penny.

DONNA: Also, Laura Kuhns, of, is a, I talked with her about looking at potential uses for that site, so we are going to be meeting, she's going to be here for a Rotary Luncheon and then we are going to go out to the site after that. And she'll be taking a look, Laura Kuhns,

MORGAN: Who's that?

DONNA: Of McCabe Henley. And Vandalia Heritage Foundation. She is the managing director of Vandalia Heritage. So, she'll, she'll do the preliminaries and give us some direction of what she thinks would be good and where we should go from there. Ah, I also met with Gary Pratt of Landmarks Survey, to do the survey of the sites of the 911 center. To transfer that property. And he will be performing the survey work in a couple of weeks. I also spoke with the hospital because I was trying to research what survey information or whatever we had and basically we had nothing on file. I got all of the old deeds out. And one had a partial survey on it, but really no survey has been done. The hospital hasn't had one done. So, they're, Gary Wilmon is on vacation, so when he comes back, ? is going to talk to him about having this Pratt do a survey of the hospital land itself, so we've got complete surveys of the area. Our survey will cost approximately $400.00. I don't know what the hospital's would cost. That's a very

reasonable price for it. What we were looking at as far as the property to be taking over will be the building and the driveway that goes into it, the parking lot and the parking lot in front of it. And then ten feet on either of the other two sides. That corresponds with our zoning code ordinances. So, they keep with the minimum land that we need to donate to that.

MAYOR: Now, when you say the driveway, you're talking about the driveway that is up in front of West Wilford?

DONNA: No, just the little driveway that comes up to the building out to that alley that shoots across.

MAYOR: Okay. That sounds good.

DONNA: Yeah, we're, the alley, we'll have to deed it to give them the right away access. It's kind of a public alley at this point.

ROGERS: You're talking about the road that goes up?

DONNA: Yeah. That little gravel road that goes the whole length there. So, it's really an existing public right-of-way at this point.

RILEY: Is that part of Pretense? Or not Pretense, but

DONNA: Ah, I forget the name of the street up there.

MORGAN: Prospect?

DONNA: It's an extension to it. Yeah. It's not an official, it was never officially opened by the City, but we've always graveled it, maintained it through our property, so. We consider it a public right-of-way.

ROGERS: We're not going to give them that part are you?

DONNA: Oh, no. No. Just the area up to that. Yeah, because it's the parking right in front of the 911, so, it's just going to be the 20 feet parking area into there. Okay, as far as within some of the things that are going on in our departments,

Chief Leach has prepared a police vehicle pursuit policy. Which I gave to Council and we ask that you review it and indicate, you know, within the next week or so, if you could let us know on any changes or questions or whatever. This is again, one of the things that I learned about in the Municipal League Conference that it's an important thing for us to have in place and limits and when and where. And I think Chief Leach did an excellent job on taking and ? a policy. It's also been given to the City Attorney and Municipal Judge to review. But we would appreciate you, your comments on it.

MORGAN: Did he use the highway patrol as the guide for this?

DONNA: No, the Municipal League information is taking a lot of the federal plus state regulations. They took some of the West Virginia State Police, they took a lot of case law, and things, and

MORGAN: That case law, is it outside of West Virginia?

DONNA: Both in and out. Ah, the Water Department, they, within the last two weeks, they've been busy replacing lines, on Bishop and Jennings, and today they were just finishing up replacing the lines on Church Street. We're still going great guns with line replacement. No significant water leaks. There were a couple of little leaks on Church Street, which prompted replacing that line, but we haven't had any real problem with water leaks lately.

MORGAN: Will the water be off out there tomorrow?

DONNA: No, that was just the one day to complete the connections. What they found out, they had some dead end lines, out at junctioning in at the same point. They had to turn off the water so they could pull. There were no valves to be able to shut off the lines. So, they had to just shut off the water in part of Blueville for a couple of

MORGAN: It was off until after 3.

DONNA: yeah, they started early this morning. So they made sure that they get it done. But, yes, that is taken care of, it won't be off again. Okay, Street Department, in the Street Department, they have been doing some paving, patching in the Blueville area. Unfortunately, the roller is down again. It looks like it was the hydraulic that were replaced, which is all covered under the warranty. But it's back in the shop again. And the mechanics over, when Busty called them today, the mechanics had to leave for a family emergency. So, we don't know exactly what the problem is other than it's in the hydraulic pumps and all that we had just

MAYOR Replaced, didn't we?

DONNA: Yes. So, well, the shop told us it's still under warranty. So, it's but yeah, ah, when they tested it out, they ran it through over an hour before they sent it back to us and it was working fine. And with us, it worked for awhile. And that's - so. I don't know what to say at this point, other than it probably won't cost us anything for this repair.

MAYOR: It sure does.

DONNA: Yeah. On the Haymond Bridge Road, out by Steven's Road, we finally got a date from the contractor. Who's supplying the bridge. And they'll be bringing it

Wednesday, September 29th. And we've made arrangements to have the crane on-site that day. So, September 29th

MAYOR: I was going to say, you better tell them, or they are going to pay for the crane.

MORGAN: Is the crane coming out of Morgantown, or

DONNA: Ah, City Crane. I'm, that's I'm not sure where that's,

RILEY: Out of Morgantown.

DONNA: Is it Morgantown?

MAYOR: I think it is.

DONNA: Yeah, I'm not sure.

TANSILL: There's been no bridge there all this time?

MORGAN: Right.

DONNA: No, there's been no bridge there. Yeah, because we had been told that it had been, that we would receive it by the beginning of September, and then DOH is ??.

MORGAN: So, they'll be able to drive over it that night?

DONNA: no, the next day.

MORGAN: So, I better tell everybody the next day.

DONNA: Yeah, because we'll have to asphalt over it before they can drive on it. So, a day or two actually.

MORGAN: So, maybe like 1, October.

DONNA: Yeah. On the Street Crew is also pouring sidewalks on Maple Avenue for property owners. And that ends the Street Department report. Lastly, I've been in touch with Dr. John Huth, who is the Chief Scientist at the TMC Technologies in Arlington Virginia. And he has applied for the Department of Agriculture Grant for a program called Using the Electronic Highway to Reinvent Rural America. And basically, what his concepts is, is Rural Communities such as ours to take unemployed disabled persons, train them, give them computer skills in various work at home teleworker - type thing. And he's got a whole list of things that he was interested in seeing if it would work. He's very interested in doing it in the Grafton community. He's met with Laura Kuhns on the project. He's meeting with Congress Mollohan's office. And he's going to be meeting

with me next week to discuss this. And again, it's a potential grant use and right now it's just a grant application. And we'll wait and see what happens.

MORGAN: You say a Department of Agriculture Grant?

DONNA: Um-hm. And that's my report.

MAYOR: All right. Thank you very much. I'm sure we have some

VI. Communications

MAYOR: I was going to mention the one that Gwen met with the contractors on the roof. Stood on the roof and.

MORGAN: I had some questions on that.

MAYOR: I just want to require that they take photos the next time she goes up!

GWEN: After I got down, they did say that I should have taken a picture. But I wasn't climbing back up!

MORGAN: Gwen, this 11,000 extra sheathing. What do you mean, roofing sheathing?

GWEN: Sheathing, there was 11,000, I'm thinking that's foot. That should be left over. That's what they were anticipating on that day.

MORGAN: What's going to happen

DONNA: Well, it's, we can certainly use it

MORGAN: Or is it going to go down on the depot. And you were saying metal for the gutters.

GWEN: Facias.

MORGAN: You're not sure?

DONNA: Facias.

GWEN: I want to call it flashing, is what they called it.

DONNA: Oh, yeah. Yeah, okay, the flashing, that's the roof edge.

MORGAN: It didn't rain Thursday, and it didn't rain Friday so I think they had the work done. I saw them down there Saturday.

MAYOR: Okay, well, there are some other things that I want to point out to you. We received a letter from the Department of Highways Headquarters. Concerning the old DOH Headquarters in Grafton. And they're, I had asked Donna to go ahead and write them a letter just asking, confirming that we are still interested. And so they are saying that they will let us know. But we'll have to keep on top of it. Who knows. And I passed out this thing, to keep you abreast of our monthly group. And then, then the other thing that I wanted to point out to you is the National Environmental Training Center for Small Communities. It has the, you can tell that this is from Minnesota because of the humor. It says, " The next generation of sewage treatment, Flushing in the New Millennium." And, I detect some Minnesota thoughts in there. It is produced by Minnesota establishment service. It seemed appropriate to me. I don't know if that's very interesting for us unless you happen to want to replace your septic system.

DONNA: Yeah.

MAYOR: It's not for big sewage systems at all. All right, let's move on to

VII. Commission, Committee, Board, Project and Conference Reports

MAYOR: And the first item here is Mr. Dave Crimm.

a. Fireman's Parade on October 2 - Dave Crimm, GVFD

MAYOR: And he is seeking permission

MORGAN: I have a question for him.

MAYOR: Tell us a little bit about this.

CRIMM: The Fire Department is holding our third annual Craft Show this year. And we'd like to have a firemen's parade on October 2nd. That's a Saturday, and we would like to line up on Front Street and run across Bridge Street, up Main Street and up to our Craft Show. The firemen's parade, if you all know, everybody runs their fire trucks sirens and everything up the street. The kids come out and watch it. Everybody has a good time.

MAYOR: All right, thank you.

MORGAN: It says something like Saturday the first, if I can find it here. But he means, Saturday the 2nd.

MAYOR: I assume we need a motion to approve it.

Motion to approve the First Grafton Fire Department Parade for Saturday, October 2, 1999 at 6:00 p.m. was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

Councilman Morgan also urged all Department Heads to do whatever they could to help the firemen with their parade to make it a huge success.

CRIMM: I appreciate all of your time, and I hope to see you there.

MAYOR: Alrighty.

RILEY: Are two of them requests for different dates?

MAYOR: There was, but I think

DONNA: Friday, October 2nd.

MAYOR: It can't be, it's Saturday.

TANSILL: The second is Saturday.

DONNA: Oh.

MAYOR: The second one that we got today is the October 2nd.

DONNA: Yeah, okay. I can't read calendars. That's my problem. LAUGHS It's October 2nd, whatever day that is.

MAYOR: Okay, the next item is

b. Sewer Line at Three Forks Creek-J. Pennington, Sanitary Department

MAYOR: And I think, Donna and Mr. Pennington have a little to say about this.

DONNA: Yeah, I'll start and then Jim can give all of the gory details. But, basically, we had report come in a leak over the river. It's the old railroad crossing by Three Forks where we have a sewer line going across. We've had some leaks in the past, but Jim came in with a crew on Saturday and they spotted it. The line is bad. In three different places. DEP was in today, because we always file reports whenever we have a leakage. They have given us ten days to correct the problem, which I think is unrealistic. Considering what has to be done. At this time, I've given the gory introduction, so, basically, I'll give it Jim. To say exactly the condition of the line first, and then he looked at all the possible alternatives. Go ahead, Jim and explain the condition of the line.

JIM: Okay. This is a 12" steel line. You can talk to Gene about, it's been there since the old round house. What they did, by history, they run a system in 1972 and this is part of their system. Going across the old railroad trussel over there. It's a 12" line, it's the flange spreader type. And which the threads going through the pipe are weakening and causing leaks. Two different locations on this, and on the other side of the round house. And the other is over top Three Forks. Estimated flow 2-3 gallons a minute right now. That's on this that I just give you. Options of taking care of this problem. I've looked at all options as far as repairs. Dresser and wrap arounds will not work on this type of tactics. Flange to flange, without threads, there is no way to tighten fittings on there. It's still going to leak. Options you've got to fix is basically two at the same location as it is now. One is replace with ductile iron. And the other option is infusion type of HDE Pipe. Which you can insert through that original 12" casing and insert a 10" pipe. And the price and quotes and materials are in front of you. The other two options I come up with is either, take off the railroad trussel and bell and spikot like we did in Fetterman. And go across Three Forks and go back in to the gravity line. And or plans for GGC is to replace the lift station, which is already quoted to you. That's the only four options that I see.

MORGAN: On that gravity line there, the is that $344,000? Or $344.00? Or.

JIM: $344,000.

MORGAN: You say it's 2-3 gallons per minute right now. It could get worse.

JIM: It's a good possibility that it could get worse. It's all steel lines, it's been there since the water line has been around. Pumping water or whatever. It's been abandoned. Ah, it's got three repairs on it now. It will not hold that leak on this side.

MORGAN: When is it scheduled for replacement? What are our plans with GGJ?

JIM: I have no set time. He cannot give me a time because, the tentative time I would say would be a year or whatever. That's it. That's just my thoughts. Any where between, I can't say a time. I asked him that. He can't give me a time.

MORGAN: You asked Bill that?

DONNA: Well, a lot of it is dependent on how much we get on grants. It's certainly not going to meet with anything within the near future.

MORGAN: We're not looking at anything close to 2000, is that true? Or

DONNA: Oh absolutely.

MORGAN: So, DEP said ten days?

DONNA: Yeah.

MORGAN: Okay. Could we not say that that is part of our new sewage upgrade

JIM: I mentioned that to them,

DONNA: That was the first thought that I had.

JIM: We talked to him about it today, and they said no.

MAYOR: Under the new sewer treatment plan, what system could go in there? Do we have any idea?

JIM: As far as ?.

MAYOR: Well, if we were, if the new sewer plant invision, changing that, what would it be changed to?

MORGAN: You are talking about putting another 12" line in there?

RILEY: From the lift station on Front Street, it would renew that line.

JIM: It's going on from Three Forks lift station up to Blueville. Or another thing was to make that lift station, go up through the traffic flow, toward the city garage, down towards the Tygart River. That was the plan. Okay, if they did that, then they would eliminate that portion of the force main.

MAYOR: Oh, I see.

JIM: That's the only way it would cut back. Okay.

RILEY: Is there any way we could include this in the sewer upgrade system plant and so on? I know we can't wait that long. I'm not saying that, but is there any way we can include that.

MORGAN: I thought that this was included.

DONNA: This, this at this point, no, however, remember, we are getting reimbursement of that $65,000.00 for the Fetterman Force Main. We do have the funds available in our Depreciation Account - the Depreciation Development Account to pay for, you know, these quotes. But, to, we can't put that into the design loan at this point. Without starting paper work all over from scratch again and putting everything off for another two months.

MAYOR: Well, Jim, what do you think is the best way to go here.

JIM: If you're looking at wear and tear for a long time and you don't have any replacements of the lift stations, my opinion would be,

MAYOR: Do what?

JIM: Ductile iron - replace with ductile iron instead of plastic. The type of system that you've got, that's the ? option. Option A.

RILEY: Jim, what would happen if you put a new line over there, you gotta renew that through the field also. Most of it has been renewed, hasn't it?

JIM: I renewed to through the railroad yard, I renewed probably 80% of that.

RILEY: If the railroad was to ever discontinue that old bridge, there's no rail or nothing on it, if they discontinue those timbers and stuff, how would you anchor your

JIM: If they discontinued the timber and left the stuff alone- then the structure would hold.

MAYOR: It's an iron structure there.

JIM: It's an iron structure.

RILEY: Yeah, but they have been known to take them up. When they are not in use.

JIM: I tried to call the railroad and I can't get a hold of anybody. I'm still trying to work on that to see what they are going to do. See what's underneath that bridge. I'm still trying to make contact and get a feed back what they are going to ?.

MAYOR: Well, I kind of lean towards the ductile iron myself, because I think the other is just a patch together plan.

MORGAN: So, we are going to reduce it down to 12"?

MAYOR: No - no, we're just going to replace the iron.

JIM: I explained that to you. You've got a 10" force main, against the railroad bridge, by the lift station. So, you know, reducing it down to a 10" will not affect that piping at all. What they did, they had 12" existing at there one time, and piped it through.

MAYOR: That was originally a water pipe.

JIM: so, 10" will not affect efficiency in those pumps.

RILEY: It's the old B & O Water Plant?

MAYOR: Right.

JIM: That's my opinion on it.

MAYOR: Well, since we don't know whether it's going to stay there or not, we mise well, I mean I would anticipate that it's going to be there and we're going to continue to use it. So, you better replace it with what's going to last. Even though it's a little more expensive.

MORGAN: It's going to be $3,000 or a little more.

MAYOR: But I have a feeling, I've seen that steel pipe and I was wondered about it years ago when you heard strange noises going through it you know. And it's just not going to last. You can, and I kind of wonder if you put plastic through it, whether the iron will be strong enough to even support the plastic at some point.

MORGAN: But now, help me out here, is that current 12" pipe going across Three Fork, is that going to be replaced when we do this sewage treatment upgrade? Or not.

JIM: No. It wasn't in the plans. The only thing, ? or they eliminate the lift station and do away with it. Being a force main, it will not be effective.

MORGAN: So, only running alongside the creek will be replaced. The current, what's running alongside the creek is what's going to be replaced other than the current wastewater treatment upgrade.

JIM: Both of them is in the anticipation to get done. The lift station removal is a part of the plan. And also the gravity line up stream towards the city garage. Those are in your plan.

TANSILL: Now, that line is the one that you are planning on putting something inside, right?

JIM: that's what we just discussed. One of two options. One is ? the force main on the lift station where it pumps it up to the bridge, you know, that's the one we're talking about. Okay. That lift station is no longer required, okay. Option A is ductile iron and replacement. Option B is insert pipe through. Okay, ductile iron is what we just discussed on. A better way of doing, or a better way I'm thinking of doing. Inserting through that pipe.

TANSILL: Well, I was talking about the line that runs along through the creek out there.

DONNA: That's the one of replacement. Yeah. The question is, you know, if we don't get sufficient grant funds, would we ? this project or would that be one of the projects that we decide not to proceed with. Because of costs.

RILEY: One days fine would cost you more than what this project is.

JIM: $25,000 penalty.

DONNA: Yeah.

JIM: If we get in that situation.

MORGAN: Say that again.

JIM: A fine for a day.

DONNA: Yes. I certainly think we need to show that we're working quickly on it. Whether it will be completed in ten days is another story. And getting a contractor, no matter what option we choose, because this is not something our crew can do. We will have to contract out.

MAYOR: Right.

JIM: I did contact contractors on this and I did per say.

MAYOR: Okay, should a motion than also include a declaration that this is an emergency situation.

DONNA: Yes, please.

MAYOR: I would think.

DONNA: I would say that this is most definitely an emergency situation!

MAYOR: If not, we'll have to go out for bid. We want to move as expeditiously as possible.

DONNA: Well, Jim has already started that process. Coming Monday morning on

MAYOR: Right, well I think we have declare because

DONNA: Yes, yeah, we are trying, he is trying to ? by telephone calls. We don't have time to go through the whole advertising frame for an emergency like this.

Motion to approve the emergency repair to the sewer leak at Three Forks by means of ductile iron was made by Councilman Riley and second by Councilman Morgan. Motion carried.

MORGAN: I noticed that we got a couple of unsatisfactories. Are we taking corrective action on that stuff. I mean, do we have plans to correct all of that. Making it satisfactory? Flow meter, that says that it has to be installed. So, I assume that will be installed, right?

JIM: It's been installed, we just have to bring somebody in and ? We are waiting on a quote on that. That's all that has to be done.

MORGAN: So, DEP is aware of that and they are all happy with that? I know DEP said ?. So. On the , I don't understand what the

Couldn't understand what was being said.

MORGAN: And is it ? is that ? Is that good, bad or ugly, what is that?

JIM: Good is clear. Milky and muddy. Septic system has not been in use for a long time.

DONNA: Yeah, it's been new for a long time, it will be ? for a long time until we change a lot of , that was a lot of what was talked about in our- this is actually a good report for both the systems, such as ours.

MORGAN: On that hand written thing, I know that fencing is now being done now, right? I noticed on most of these stations here, fencing, no fencing.

DONNA: Yeah, the DEP inspector was supposed to have a fencing person contact me. So, that we can set up some training and that has never happened.

MORGAN: What is this discharge inside the building there. Number 6? Berkley Run Lift Station. Two over flows not overflowing at this time. It says inside the building.

JIM: CSO points discharging too much discharging. Number 9 we never had utilized. Which, I think it's basically saying, it ? inside the structures.

MORGAN: Oh. Okay. What about the grease around walls.

JIM: It's Blueville Lift Station. It builds up in your lift station, it just stays there, if you don't have the flow. It leaves, ? and it attaches itself to

MAYOR: Let's move on if we can.

c. ***Commission and Board Appointments.***

MAYOR: And I think we just got a memo from Donna. Reminding us that we need to look for somebody for the Board of Zoning Appeals and it has to be somebody who is an architect, engineer, contractor or something.

DONNA: Right. And we're still waiting to hear on the planning commission. Mr. Schoolcraft and Gary Hollingshead had indicated that he would be willing to serve on whatever.

RILEY: Any restrictions. They have to live in City Limits or anything?

DONNA: Yes.

MAYOR: Okay, let's move on to

VIII. Old Business

DONNA: I'm sorry, if the residents have a business, for the Board of Appeals, you don't have to be an actual resident of the city, but you have to have an active business within the city limits.

MORGAN: Chuck Shakelford would

DONNA: Yeah, we have Terry Mayle on it now, who is outside the city, but has an active business.

MAYOR: Okay. First item of Old Business is

a. ***First Reading-Ordinance 676: Bond Issue for Wastewater Improvements Design***

MAYOR: But I thought before we got into these, I wasn't real clear on what time frame we needed to follow on these. And we had talked before about wanting to see what happened with our grant applications. Before we really got into this. If possible.

DONNA: Um. We can do that, it's still going to take time for all the paperwork, so, even if we go to the end, like now we are looking at the end of October. Before we would do this. Then it takes another month or two to prepare the paperwork for the Bond Issue. So, we would know within that time frame where we stand on the grant. But we don't have a formal issue until we actually sign the final bond issue.

MAYOR: Well, how long can we delay doing really doing this formally?

DONNA: We really shouldn't be delaying it. This part because ?. To do the other, so we can stop it at any time. During that process. But they can't go any further until this part happens.

MAYOR: Well, my only concern is I hate to raise the sewer rates.

FRAN: They don't become effective until 45 days after passage.

MAYOR: Well, I know, but

DONNA: At any time we can negate that. We don't have to put them into affect. We can negate it.

FRAN: By the time that they would go into affect, we would know before then whether or not we got the grants. But if we don't have the grants, then we'll repeal these ordinances.

MAYOR: Well, I just feel really sensitive about it, because I know if we don't get grants, we're going to want to be rethinking about what we are doing.

DONNA: Right. Well, any time right now, on the design process, we can limit activity, that we want to occur.

MAYOR: In terms of the bond issue, then, at what point do we have to specify how much the amount of the bond would be?

FRAN: You need to specify in the ordinance.

DONNA: That's what's in the bond ordinance. Is the amount.

RILEY: In this ordinance?

DONNA: yes.

RILEY: But if it doesn't

MORGAN: What is the amount

DONNA: $750,000

MAYOR: $750,000

RILEY: If we don't get the grant, it's not granted, then this is no good at all.

DONNA: It's up to, the actual paper work would be, yeah, not more than, so it could be less than, but not more than. Right now, we're looking at, it's actually listed as more on the application, but that can also be revised. So, we can adjust any time during the process.

MAYOR: I'm just thinking, suppose we get one, or the county only gets one of the projects. Then it seems kind of silly to spend all the money on the design when obviously we really can't foresee

DONNA: Right. But then at that point, we can just spread out the parts of the design that we want to be the final funding and start the design loan for those.

MAYOR: How about then in the future, looking at the other side of it, how about for future design moneys.

DONNA: Then we have to go back

MAYOR: We have to go back and start over with the bond issue.

DONNA: Right. Which would cost us another $18,000.00.

RILEY: I don't feel comfortable with passing an ordinance and you don't know if you are going to be getting any grant money available or not. If you didn't get your grant that you applied for, then this wouldn't cover it.

DONNA: Well, we could go ahead with the first reading and then hold up on the second.

FRAN: Yeah, we could do that.

MORGAN: When are we going to know about the loan?

RILEY: Somebody can enlighten me if I'm wrong. But,

MAYOR: Well, that's my concern too.

MORGAN: When are we going to know for sure?

RILEY: That won't cover the project.

MAYOR: When will the final announcements be made? Concerning the grants?

DONNA: November probably.

MAYOR: Sometime in November.

MORGAN: After Thanksgiving.

MAYOR: Well, what I would suggest to do is, the reason to go ahead and proceed with this would be to initiate all the other paper work associated with the bond primarily. And then when, at what point do they need to have the final point and go ahead?

MORGAN: Is there a point of no return with this? If we do some of this stuff, can we stop it, if we learn different that we are not getting X number of dollars in grant money? Can we make sure that we stop and go back.

FRAN: I think he's asking if we find out that we don't get the grant,

MORGAN: Right, or we find out that we get less than, you know, what we ask for, then at what point do we say that we don't want to spend all this money.

FRAN: Well, you're going to need the bond money, yeah, some of it, and pursuant to the ordinance you are allowed to issue bonds up to $740,000.00. But, anything less than that is fine.

MAYOR: Okay, so in terms to the bond issue, the actual amount of issue can be altered at any time, not to exceed obviously

FRAN: Not to exceed $740- and the actual bond issue itself has to go through three readings. And so we'll know the actual amount we'll need before they ever, before you all do the first reading.

MAYOR: Okay, now, if we did the first readings tonight and then tabled that until we saw and had a better idea of what's going to happen, how is that going to affect

MORGAN: She just said before,

FRAN: No, we're talking about two separate issues. This is the bond ordinance, but actually the bond issue

MORGAN: Oh, okay, that's a separate

MAYOR: That's a separate issue. Because that determines the amount.

MORGAN: We're talking about the bond ordinance here. And you're talking about the bond issue. And so, we can issue a bond for $100,000 or $50,000, we don't have to go $745,000. Okay. These bonds go to ? or do they go to the State, I'm not sure how they

DONNA: The State of West Virginia.

MORGAN: So, the State of West Virginia - what rate is it going to be, I thought it said A Grade, or we don't know.

FRAN: I don't think we actually know until they test the market and then they'll do the issuance.

DONNA: What this will do is on the State Revolving Loan Fund side, it will dedicate up to $740,000. So they won't go and commit those funds elsewhere. But it doesn't commit us. As she said, until we do the final bond issue.

MORGAN: Okay.

MAYOR: Okay, so now, back to my question of tabling, if we go ahead and do the first readings and then go ahead and table it, how long do we have until we just absolutely have to move forward.

FRAN: Well, as with anything that's been tabled, you can table indefinitely or you can move to bring it back on

MAYOR: Well, I know, I mean in terms of the time frame for getting things done.

FRAN: oh. When does it become critical?

MAYOR: Yeah.

FRAN: I don't know.

DONNA: Well, I mean, now we are to the point, even if we went through and passed everything, we're not going to have it passed before the end of the year. So,

MAYOR: The bond.

DONNA: Yeah, the bond.

MAYOR: The bond issue

DONNA: Yeah, the bond issue itself won't be passed before the end of the year. I mean, my suggestion would be pass this, and then hold up on the bond issue. Until we, until we know exactly what it is. Because we can always withdraw the rates.

MAYOR: How about.

MORGAN: You're saying go ahead and that is your recommendation as well, what you're saying as the attorney?

FRAN: I think it is. I think we're in a state now, where it doesn't come critical to do these things in the order which our bond council has advised us.

MORGAN: And they are saying go ahead and read the ordinance but we still are not committing the citizens of Grafton to pay back the bond because we haven't actually issued the amount of the bond that we want.

DONNA: Right.

MAYOR: Well, let's take care of just the ordinance of the bond issue first. Then I have more questions about the next sewer rate issue.

GWEN: Ordinance authorizing the design of extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the City of Grafton and the financing of the cost, not otherwise provided, therefore through the issuance by the city of not more than $740,000 in aggregate principal amount of combined waterworks and sewerage system design revenue bonds, series 1999 (West Virginia SRF Program); providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a 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.

MAYOR: All right, that's it, the short reading.

Motion to accept the first reading of Ordinance 676 concerning the 1999 Bond Issue was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

MORGAN: Is it possible that we will know about the grants prior to ? Is that possible. Will we have it in November definitely, or? No later than November 30th or do we know?

DONNA: It's up to the governor on what he decides. In the past they have done it in October, next go round of the Small Cities Block Grants are due in October. It's possible, that we might get it a little earlier.

MORGAN: So, it's possible but not probable.

DONNA: Not probable.

RILEY: Still on the same thing. If by October 19th, public hearing, final hearing, and design loan ordinance and rate ordinance, if that's passed, the evening of the 19th, and your bond issue never comes to pass, what happens then?

DONNA: We don't have to do the bond issue.

RILEY: Well, design loan ordinance, rate ordinance, by October 19th, so if you don't know anything about the other, the project man may not

DONNA: We don't have to act and issue the bonds until we know exactly how much.

MAYOR: How will that come before Council?

RILEY: Doesn't part of this

DONNA: Another ordinance.

MAYOR: So, we have to pass another issue

RILEY: There has to be

MORGAN: X number of dollars and another ordinance saying, okay, we won't expend beyond $200,000 or $100,000 or whatever.

DONNA: Right.

RILEY: Clarify something for me, there has to be another ordinance before bonds can be authorized the sale of bonds.

FRAN: Right.

RILEY: Okay.

DONNA: Yeah, yeah, the actual amount has to go through the whole ordinance reading process again. That's once we know the actual amount. Now, the other fall back we have, is that we can still get the loan and turn right around and return 3/4 of the loan immediately, whatever, you know, this is not a nonrefundable situation. I mean, that's the worse case fall back position in which you don't want to do, but all this does is get it all going. You know, the final paperwork, the final at any point we can say, no we want it for $200,000 loan, whatever, we can ask the PFC to hold a tariff, on the sewer rate side, you know, assuming we went ahead and passed that ordinance. We cannot put it into specs until that tariff went through. So, we've got stop gaps on that side as well.

MAYOR: Okay, good.

MORGAN: So, we can act like, we could return like you said without any kind of penalty or anything?

DONNA: That's right. They would not be thrilled if we turned around and issued the check back again, but I'm just talking the absolute worse case. But no, our stop gap is really a bond issue on the ordinance itself and then just requesting the PFC to hold a tariff. And the PFC is always happy to hold up ?.

MAYOR: Any more questions?

Motion carried.

MAYOR: All right the second item is

→ ***b. First Reading-Ordinance 677-Sewer Rates for Bond Issue***

GWEN: An ordinance amending and repealing ordinances No. 188, 334, 390, 435, 515, 575 and 667, the City of Grafton Sewer Rate Ordinances, setting forth new sewer rates, connection charges, reconnection charges and delayed payment penalty for service to customers of the sewerage system of the City of Grafton.

MAYOR: That's the short reading. In terms of this ordinance, does this have to proceed right along simultaneous with the other one?

FRAN: It does, because it mentions the rates and the bond ordinance.

MAYOR: Okay. And, if we, if we do the first reading and table this, does this throw everything off?

DONNA: Well, the second reading isn't scheduled until October 19th. But if you table it beyond that point, yes it throws everything off because the PSC has to issue a tariff and they've got 45 days that we have to add on to the back side of this ordinance.

MORGAN: But again, I would think that if we didn't get the grant money, we can always do another ordinance and just go back to the old rates

DONNA: Oh, absolutely, in fact, it's on record, that was done about 15 years ago, and they passed it, I don't remember if it was water or sewer and a few council meetings later, they wouldn't do it. Sure.

MORGAN: So, we can actually pass this on October 19th and find out it's no good, that we didn't get any grant money and in November we can turn around and

MAYOR: We will just repeal this ordinance.

DONNA: Yes.

MORGAN: Now, currently, when we connect sewer taps outside the city limits, is that determined by construction cost?

DONNA: Well, we always charge the same. Amount, $300.00. That is put in there in case we have to get very large taps, but the normal taps that we do outside the city for residents or businesses, which are smaller taps, 4"-6", we charge exactly the same.

MORGAN: Inside or outside.

DONNA: Yes. There's no difference in cost to us. It's only with the larger lines that we may have a problem and that's been in ?

MAYOR: Any other questions.

Motion to approve the first reading of Ordinance No. 677-amending and repealing Ordinances Nos. 188, 334, 390, 435, 515, 575 and 667, the City of Grafton Sewer Rate Ordinances, setting forth new sewer rates, connection charges, reconnection charges and delayed payment penalty for service to customers of the sewerage system of the City of Grafton was made by Councilman Morgan and second by Vice Mayor Tansill. Motion Carried.

MAYOR: All right, we'll be back on these. You can be sure.

c. Open bids for Trailerable Street Paver

MAYOR: And we only have one bid, so Chesley is out of a job tonight I think I can do this by myself. This bid is from Rish Equipment Company out of Bridgeport. And they have given us a bid for a 9' pole - type street paver for $6,525.00. So, as usual we'll pass that back to Busty to double check.

DONNA: That was the only people that he could find that had one portable enough for a trailer.

MAYOR: All right, moving on to the next item

d. Bids for Paving West Wilford Street

MAYOR: And we have a memo from Donna. Busty and Donna are recommending that we accept the bid.

DONNA: Yeah. I spoke with Tom Brown of WV Paving so, I was curious as to why it was less per ton to put down than what we paid for Walnut and Pearl Street. Because the cost of asphalt hadn't really changed. And he said because he anticipates that this would be about a one day project and he doesn't have to worry about the equipment and the size of the street, he's using smaller equipment and he doesn't have to worry about lines and

some of the problems, so his cost savings were passed on to us. And both Busty and I thought that is was a reasonable bid.

MORGAN: How deep is the asphalt going to be?

DONNA: They lay it down 2" and then it gets rolled to a out 1 1/2", which is the standard DOH application. We follow all of the State standards.

MORGAN: And that is what is on Walnut/Pearl? And how is Walnut and Pearl holding up. Are they okay?

DONNA: Fine. Maple Avenue is

MAYOR: It's doing all right, there were some concerns because they ran into some soft spots. On some. Particularly down by the library. That real short, well, steep hill just by the library. It's a lot of drainage, you know, where ? so, they were concerned about that.

MORGAN: Now they being

MAYOR: Well, the city and the paving company. And I know that I was a little worried about the lines that the City put across, the connecting lines, but those have done pretty well, I really can't see, I haven't seen anything since it was done. That was last year, we had one winter.

MORGAN: What's supposed to be the average life of streets? When the DOH says okay pave it 2" thick, what's the average life span

MAYOR: It varies with the traffic of course.

DONNA: Yeah.

MORGAN: Okay, I'll buy that.

MAYOR: If you run coal trucks over it, it's not going to last very long. Not on West Wilford, because it won't last at all!

MORGAN: West Wilford doesn't look too bad. It's not the worst road in Grafton. They may have the most outspoken citizens', but it's not the worst road. I can assure you of that.

MAYOR: Gene wanted to know where does 4/10ths end up. How far out does that go?

DONNA: Oh, it goes out to where it's paved now, and Busty was going to use the new paver and pave the rest.

MORGAN: It's beside Prospect or something.

DONNA: Yeah, it goes out, I think it ends just a little bit past Prospect. But, Busty figured with the new paver, he could do it. It would be cheaper.

MAYOR: Yeah, that's true.

Motion to approve the bid from WV Paving in the amount of $28,575.00 to pave West Wilford Street was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

DONNA: Just with scheduling, I asked Tom when they would schedule paving and they are king of leaning towards October. Or early November and he said absolutely he should have everything done by November 15th. Which is, I checked with Busty and that is fine.

MORGAN: Oh, will the asphalt plant still be open

DONNA: They have their own asphalt plant. Asphalt plants tend to shut down, definitely by deer season. It could be 80 degrees out, but they will shut down when deer season ends. That's the shut down time frame.

MORGAN: Oh, they have their own. Shouldn't asphalt go down when it's strictly hot? Is that when it's supposed to go down?

DONNA: No, not necessarily. We just don't want it freezing. Then it will crack. A little frost is okay, but you don't want it way down in the freezing temperatures for any consistent, 24 hour period. Then we'll ask them not to - if it gets down into the consistently low temperatures, then we would say no. And then we would have to re-bid or whatever. But that's never happened. In West Virginia.

MAYOR: Let's move on.

IX. New Business

MAYOR: The hotel depot project. We issue the checks. We draw it on a federal account now.

DONNA: Yeah, we get paid first by HUD, you get paid first by HUD but then we issue.

MORGAN: Larry gives us a separate sheet of all the checks he writes. Which is why I have all those questions Larry.

MAYOR: Let's deal with the regular bills

a. Payment of Bills

MAYOR: Pages 1 -15.

TANSILL: I have a question for Chief Leach, what is a frisk master, ? glove?

JEFF: one to keep you from getting stuck if a person would have needles in their pockets. Or sharp objects. It will save you from getting AIDS or other disease.

DONNA: These two items are the result of our safety committee. We're working on our safety policy. These were items that were brought up before the committee that were deemed important for. All of the employees were issued badges or ID's. That kind of thing. So, both the badge/wallet, where they can put their badge for the police, the fire has something slightly different, public works and sewer all have different forms, but everyone will have an ID. The other thing was definitely these gloves. They are kind of ?.

MAYOR: Yeah, I don't think I want to be frisking people any more. With my bare hands.

Motion to pay the bills in the amount of $31,116.31 was made by Vice Mayor Tansill and second by Councilman Riley. Motion carried.

MAYOR: Now we will move to

b. 1998 HUD EDI Special Project Grant for Hotel/Depot

MAYOR: It's on the second set of pages, 1 -7.

MORGAN: Donna, tell me one more time, what does Blackwood do?

DONNA: They are the architects for the project.

MORGAN: Okay, and who are the other people, McCabe and Henley. What do they do?

DONNA: Okay, they are the managers and developers that have been hired by the Vandalia Heritage Foundation and Vandalia Redevelopment Corporation. So, they basically will be doing all the operations management for those two corporations.

MORGAN: So, their job is to over see Blackwood and High Country?

DONNA: Well, no, that's my, that's my job. For this project. For going forward, yes. Vandalia would, I mean, McCabe Henley would act in that role.

MORGAN: Okay, so you oversee High Country?

DONNA: High Country Contracting.

MORGAN: Okay. Now, what about Blackwood?

DONNA: I oversee Blackwood as well. Now, Blackwood is responsible, okay, as an architect, he's our main route on this project. He's responsible for the daily overseeing.

MORGAN: Okay, the overseeing of High Country. High Country is actually doing the work?

DONNA: Yes. I'm the administrative overseer on behalf of the City for this grant. Okay? LAUGHS

MORGAN: I'm still not sure what McCabe Henley do?

DONNA: Okay, McCabe Henley is not involved with this project.

MORGAN: But we write their checks.

DONNA: Well, they are involved in the other projects to do with the hotel/depot restoration.

MAYOR: They are just not involved with the roof.

DONNA: They are not involved with the roof. That was done, that project was done before Vandalia Heritage hired McCabe Henley to be involved. So, we had agreed that we would be the overseers for the roof project. And in the future, with additional projects, McCabe Henley would become the overseers.

MAYOR: Now, will we still be dealing with checks then? Doing the financial then?

DONNA: We'll still be the grant administrator, yes. But I'll still have to be involved with the project.

MORGAN: Since they are not overseeing the roof, what are we paying them the $10,000 for?

DONNA: That's for the operations for the Vandalia Heritage and Redevelopment Corporation. What they are doing.

MORGAN: What are they doing now?

DONNA: Okay, right now they are going out for bid for architects. For the project. They took care of getting the environmental for the project. And a bunch of other activities that they got going.

MORGAN: It's just that paper-pushers, you never know what they got going. You never, like lawyers, they charge a lot of money. They move a lot of paper around.

DONNA: Well, the minutes of their meeting kind of documents and McCabe Henley is a very well respective firm. They've done a lot of development in this area.

MORGAN: All those places on Wall Street, those big offices and everything. They are all well respected and wish ?.

MAYOR: And you can see that we received the wired amounts here.

DONNA: Oh, no, we don't receive it until Council approves it. And then Larry will do the request tomorrow.

MAYOR: Oh, I see. I'm sorry. It was $76,000, so I was assuming it was the same, but it's not.

Motion to pay the 1998 HUD EDI Bills in the amount of $76,162.00 Was made by Vice Mayor Tansill and second by Councilman Morgan.

c. 1998 Community Development Grant-Anna Jarvis Center

MAYOR: And this is the final listing Larry?

DONNA: well, it's not the final, final. I mean,

MAYOR: What does final mean?

DONNA: They still have $1,600 to spend. At this point, I did the inspection of the site today, the heating and air is in place. They are going to be starting the drywall this weekend. It is all insulated and the wiring and plumbing and all of that. So, they are up to where they need to do drywall, the carpeting, the tile in the bathroom. So, they are down to the finishing type. I was speaking with Olive and on the rest of the use, assuming, she said this is the end of the bills the have done so far. So we were talking about maybe, bathroom tile and a couple of incidental, but she'll submit a request.

MAYOR: Okay, so this one is in the amount of $7, 66.69 and it spends all but about $1300 of the funds.

LARRY: $1600

MAYOR: I'm sorry, $1600.

DONNA: Last page.

LARRY: On page two, Tom, we're requesting funds for $7,066.69, but I will pay invoices for $12.06 more because of the error the Mountain Statesman made and I called, after we requisitioned the money. I went ahead and paid the correct invoice so I had the $12 in the General Fund.

MAYOR: Okay.

Motion to pay the 1998 Community Development Grant for Anna Jarvis in the amount of $7,066.69 was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

MAYOR: Next item is

d. Children at Play Signs-Sponsored by First Community Bank

MAYOR: And, Chief Leach could perhaps address this a little bit.

JEFF: Kay Baker from First Community Bank contacted me and asked if there was any possible way that we could get them the Children at Play signs with their name on it. So, I spoke with Donna, I contacted Prison Industries and they can do the sign. I believe that costs, $49.00 for the first, it would be $49 per sign, it would be $59 for the first sign. As a setting fee. And I was just wanting the okay before I contact the bank to let them know if we could get the signs. The bank had inquired that if we can purchase the signs for them, and then reimburse us.

MAYOR: So, they'll pay for the signs or,

MORGAN: How many signs are they willing to purchase?

JEFF: There is no limit.

MORGAN: So, it's wherever we determine where the signs will go?

JEFF: Well, they have customers that have requested signs, I don't know where the exact location in the city that they requested funds from.

MORGAN: So, they have a list of their own that says, well, we would like to put signs here, here, here or here.

JEFF: Yes.

MORGAN: And then, if there is other locations where we want to put signs, they are willing to pay for them as well.

JEFF: I don't know.

RILEY: Who's going to make the decision where we put them? I mean, just anybody call in and want one? They can get it?

JEFF: Their customers have requested from them, exactly what customers, I have no idea. But Kay called and wanted to know about the signs.

MORGAN: So, we have detail of the signs, you going to put a sign that blocks vision out at 119 and I can't see where I'm going, so, you have authority to say hey, it's not going to be safe

JEFF: Absolutely.

MORGAN: But they are not willing to pay for any sign, since I don't do my banking at First Community, they won't put one in my neighborhood.

JEFF: I wouldn't say that.

MORGAN: I always like to be difficult. I like to have all the answers. So, okay.

DONNA: Yeah, my concern was, because it is something that will have a business name on the bottom, whether it, I understand that this was done years ago, but since it hasn't been done recently, simply I wanted Council's policy opinion.

JEFF: What about

FRAN: I don't see any problem with it because, I mean you see the trash pick up signs along the interstate with the name of the organization below it. The State would do it.

MORGAN: Okay, so do we know how many signs to order, Jeff?

JEFF: She wanted to order two right now, and put those up and then purchase signs I guess throughout the year.

RILEY: Who's going to make the decision where they put them, Council? Or just let anybody call for them?

DONNA: No, we would definitely have to approve the placement of the signs.

RILEY: If you don't you'd have them at every other household.

DONNA: They would have to pay for the sign and the post. And we would have to approve it. We have ordered children at play signs for various people in the community and all. Always with the stipulation that we approve the placement at the time. And you know, if council wants us to install them that's another decision.

MAYOR: I think we would have to install them. I think that would be appropriate. That's not a big deal.

MORGAN: No, it's not.

Motion to approve the purchase of two Children at Play signs for the First Community Bank was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

MAYOR: Okay, the next item on the agenda is

e. Police Department -Grants Expiration and Budget

MAYOR: And this concerns the expiration of the COPS FAST Grant and we need to look at the budget.

MORGAN: Well, the COPS FAST Grant is

JEFF: It's about to expire this week if I'm not mistaken.

MORGAN: What about Universal COPS, that's running out. I thought we had $30,000 left, Larry from the COPS FAST.

LARRY: No, it's the bottom line that you look at. You keep bringing the totals down.

DONNA: As of the end of June, the amount that was left was $8500. Basically as of this date

LARRY: The 25th of this month, we will have exhausted. We will pay their personal services for the month of November, we have the pay period which ends Saturday, the next pay period will end on the 25th, which is next Saturday.

MAYOR: So, the way we are going to try to deal with this is to lay off, one of our secretaries in our police department. And find other money we need to keep the other, the two officers on board. I agree with that. I think that is very important.

JEFF: I don't know what else to do.

DONNA: We're going to have to do some cut backs on the equipment side as well. This saves approximately $17,500.00 a year, but we still need to save

MAYOR: How are we doing in our parking meter revenues? Are we up there?

DONNA: It's definitely increased.

MAYOR: Now, is that going into the General Fund, or

DONNA: Yes, that goes into the General Fund, before it comes out, we're still up, what about $4,000 a year?

LARRY: Right now, for the year that just ended, it's about the same as in prior years because we didn't have all those new meters. There was, it's really early to tell how much it's going to be an increase.

MAYOR: Okay, my feeling is that we probably won't have to worry too much with the new meters being in place, I'm assuming we will continue to do something, we'll be in good shape. The other thing I'm concerned about budget wise is that and I've been talking to Jeff about the cars situation. And I think that this year, we'll have to go ahead and replace one of those. And get another cruiser.

MORGAN: Is that -?

MAYOR: No, we're talking about the little, the small, the midsize cars.

MORGAN: They are Taurus? Right?

DONNA: Yeah, the one, the notices, I did copy it

MAYOR: I'm not talking about actually replacing it,

DONNA: Yeah

MAYOR: We're going to need a new cruiser.

DONNA: I didn't know if you had a chance to read it or not, because the State Purchasing Contract on the Chief Cherokee, they've lowered their price to $22,000 from $25,000 on the police equipped Chief Cherokee.

MAYOR: Would you want to go that route?

DONNA: That just came in today.

MAYOR: Anyway, I'm just throwing that out your way, but I think that's one of those things that we are going to have to face. Because otherwise, one of those other cars is just going to, we're going to reach a point

DONNA: Yeah, Car 23 is in severe problems.

JEFF: It's in dire need of something.

MORGAN: Now, that's a Taurus? A '96 Taurus?

JEFF: '96 Taurus, 86,000 miles, not police packaged. That's the catch. It's not a police package. It's off the lot. Then converted to a police car. You know,

MAYOR: It makes a difference having different people driving and the vehicles.

DONNA: And you are talking about round the clock. That was a definite mistake on our part because of the situation, we thought we could get away with that. And it just to save money and it hasn't worked out well. Well, Car 24 is not bad.

JEFF: Well, 24 is a police package. It's

DONNA: Oh, oh okay.

JEFF: It's holding up. We have two with and one without. The white car is with. Neither Taurus

DONNA: What is the other

JEFF: 22-23-24.

DONNA: 22 is doing okay.

JEFF: It's doing all right. The service engine light just came on today. We need to get it out at Toothman to get it hooked to the computer to see what's going wrong with it. That's the only way you can tell.

DONNA: we don't go through the same problems that we've gone through with the others.

MAYOR: Anyway, my thought is that I hate to see us eat into the equipment budget when we know we are going to have that. So, I hope we are going to have other money. And it's not going to be a whole lot of other money for salary.

MORGAN: Well, is there grant money out there for equipment?

MAYOR: Not for cars.

DONNA: Not for cars.

MORGAN: Well, there's money for other things.

DONNA: We've been getting, most of the other expensive equipment has been gotten through grants, but at this point,

MORGAN: I was just thinking like, if I can get money

DONNA: ? other expenditures other than vehicles at this point. We pretty well,

MORGAN: We're pretty much all right.

JEFF: The only large ticket item I can think of would be radios. The county switching to high band, just as soon as they can get the radios in. School buses are high band. We can't communicate with any of them. Once they change the frequency, we're going to be the only ones left on low band.

MAYOR: Our walkie- talkies, hand held, are they on low band?

JEFF: Yes.

MAYOR: Can the crystals just be changed? Or

JEFF: They can be reprogrammed.

MORGAN: Did you look at the cost on that and give us optionals? Refurbishing old equipment? You know.

JEFF: No, I haven't.

MORGAN: I know you are with a personnel problem right now. But, as soon as you clear this up, you might be able to look at refurbished equipment. Pros and cons, what's it going to cost.

MAYOR: Well the hand helds really don't go obsolete. They were purchased in '94. I think.

JEFF: We have one that we purchased last year. They seem to loose their power when you transmit every so often. We send them off to Florida. Motorola, they keep them for a week, send them back and they are fine.

MORGAN: For another year.

JEFF: The batteries last, you know, a year, *couldn't understand what was said.*

MAYOR: So, the radios that you are talking about are the radios in the car. Vehicle is primarily. How about the base station and the

JEFF: That's not a problem. It could be switched.

MAYOR: Well, it seems to me, logical that we just start replacing the radios as we get the vehicles. Because you have to put a new radio in it.

MORGAN: Well, even,

MAYOR: Well,

MORGAN: Because '94 is not that old. I grant that. Let's take a look at it.

MAYOR: Well, they were fairly expensive when we bought it. But I know my hand held the technology has really not changed in those very much. In this period of time. If you had one back in the early '80's, obviously you would want to get rid of it.

JEFF: It costs about $900.00.

MAYOR: Right. So, if you could change the crystals in them, your - Okay, what do we need to do here? We need to approve the plan basically.

DONNA: Yes, because we are talking about something that affects the budget.

MAYOR: Okay.

MORGAN: So, by eliminating this one job, Darla, will save two police officers.

MAYOR: Well, because we are paying 25% of them anyway,

MORGAN: Okay

MAYOR: So, it works out. So, we get close.

MORGAN: That and equipment.

MAYOR: Yeah, we get close to covering the salary part.

DONNA: Like I said, we still need to take a look at equipment.

MAYOR: Sure. I would say we ought to look at what the parking meter revenues are and some things like that before we buy a car, but

MORGAN: How are we doing with the speed limit out in Blueville- that would be the ? right there. We'll be like the Midwest, they have those speed traps right there.

DONNA: The other revenue source that we have is through courts and that sort of thing. And hopefully Lloyd will be very active on trying to do a lot of the back log that we have.

MORGAN: I saw where he brought in $4,000 there. That will earn his pay there.

DONNA: Oh, yeah.

JEFF: We also contemplated on raising fines, trying to make us comparable with other cities.

MAYOR: Right.

DONNA: Yeah. We talked about that.

LARRY: We were talking about $5000 now, to pay for personal services. I think, the extra amount in the unencumbered balance, that we have not ? yet, I think I can probably come up with that. I will look at the fines and see how it's going to ?.

MAYOR: Yep.

MORGAN: You're saying

LARRY: Do a budget revision and bring that

MORGAN: Instead of reducing the money for equipment, you're saying

LARRY: Well, I'm not sure, I think on the personal service side, yes, I can do that. Now, equipment, we'll need more money to do that.

MAYOR: Now, we'll have to

LARRY: We'll have to take it from

MAYOR: Well, I was just saying, not try not to eat into the equipment.

LARRY: Yeah, I think I can do that.

MAYOR: All right.

RILEY: You need a motion to eliminate a job?

MAYOR: Well, I'm not sure what we need to do exact motion to do here.

DONNA: I'll need some kind of motion on the position of elimination but also

Motion to eliminate the Police Clerk position, Darla Sevier giving a two weeks notice and give all benefits that was entitled to up until that date was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

f. Request for Minor Boundary Adjustments

MAYOR: I just gave you a short little memo here. I had originally thought that we would try to put it all into one package, because there's a number of things that I would like to also have the road out to Parkview in our boundaries and incorporate it and the property below Parkview, up I'm sorry, below the road, up to Parkview. But also, to incorporate the present city park and water plant because that is city property there. And the reasons are basically as I stated here with the exception that once you get out to the city park, we really don't have legally, ?, well at least it's a little bit of a legal question.

DONNA: Only where it concerns city park and water plant.

MAYOR: I don't think that

DONNA: City park wasn't

MAYOR: Oh, was it?

DONNA: Yes. Yes. That's incorporated.

MAYOR: Oh, was it? I didn't know that.

DONNA: No, that's incorporated into the city.

MAYOR: All right. So, anyway, I decided that we would probably have less trouble if we just and maybe I'll have to change this and add Parkview, the road out to Parkview. I was a little, I didn't want to upset the people out in Parkview. That was what I was trying to avoid.

DONNA: Right.

MAYOR: And I don't think there's anybody that is going to be upset about incorporating Riverside Drive, because there's no, I think only one piece of private property that would be incorporated and that would be the gravel park that the DOH used to have.

DONNA: I think CSX owns part of it. Fran was researching the other part of it.

MAYOR: I'm not sure, I heard several other different stories. But I don't know which is true. But in any case, I thought this one would be the easiest to go with, but if we don't have to worry about city park, I may just go ahead and add the road out to Parkview and the road below that which is all CSX as well.

DONNA: Right.

MAYOR: And we would go right up to where Parkview starts. Where the church is.

MORGAN: It's a catholic church where the

MAYOR: Well, we're not going to incorporate anything above the road. We're incorporating only the road and below the road to the river. Which is state property.

DONNA: Well, there are some houses before the church.

MAYOR: Not in Parkview.

MORGAN: Parkview? Are you

DONNA: Lower side

MAYOR: Lower side

DONNA: Yeah. Right. Okay.

MAYOR: I don't think that there is anything there and I think that that may

MORGAN: Let's go back to Parkview, first of all, on Riverside Drive, where the Department of Highways used to build gravel right there.

MAYOR: That's

MORGAN: They rented that land I think.

MAYOR: Yeah, they did. They just leased it.

MORGAN: They leased that land. So, that belongs to somebody.

MAYOR: But I think that is the only part that is private.

MORGAN: Okay, that may be true.

MAYOR: But I would like to include the Jack F. Bennett Bridge. Because

MORGAN: All the way up to the curve by Grafton Homes or whatever that area is called.

MAYOR: Right.

MORGAN: That means that we will have both sides of the river.

MAYOR: Right.

MORGAN: Parkview. Starting, where is the city limits end right now?

MAYOR: Right at the fork, right.

MORGAN: Okay, so there out to the road to the river.

MAYOR: Right, all the way out to where the church is. And then it would stop.

MORGAN: Which church?

MAYOR: The first structure you see on the left, on the riverside, I'm sorry on the right. Is a church.

DONNA: Yeah.

MAYOR: And that's as far as we can tell, looking at the tax maps, is the only, that's the first private property held. Except that I guess CSX owns everything below the road. Out to that point. But they are not going to object, I'm sure.

RILEY: That was give back to the property owners. When they done away with the railroad. That's on their deed over there.

MAYOR: Oh, I don't think so.

RILEY: Grand Street.

MAYOR: Is it?

RILEY: Below Grand Street. Yeah. because we wanted to put a walking trail up there some years ago,

MAYOR: Well, I don't think that they do own it. I think the right of way stays with the CSX.

RILEY: No, when the railroad had use of that. If you go and ask for a couple of their deeds, you'll see on it. That, it referred back to the property owners. That was got into, that's why that walking trail is not there.

MAYOR: We'll have to have Gwen check that out. On some deeds.

RILEY: Okay. Check it.

MAYOR: Because I didn't realize that.

RILEY: Yep, it's on the property owners deeds. We had one of them in here in the Council Meeting,

MAYOR: It's been several years ago. I know they were upset about it. It wasn't clear to me that they had

RILEY: Well, go deeper than that. I guess we can go to the court house records.

MAYOR: Well, that's what I'm saying, we'll have Gwen go look at that at some point. So, anyway, I think I'll just go ahead and add the other parts. To our request. Now, Gwen, or

FRAN: Fran

MAYOR: Sorry, what kind of form do I need to put this in?

FRAN: As far as a motion goes?

MAYOR: Well, in terms of a request, should we have you write it, or can

FRAN: For the incorporation of , well first of all, to incorporate additional property into the city by minor boundary adjustment, first of all the city council has to approve it, and then it has to go to the county commission for approval. But, even before then, you need the code, you have a meets and bounds survey description prepared for an additional land.

MAYOR: Well, that's what I was thinking. Something formal had to be done.

FRAN: Yeah.

MORGAN: So, before we can make a motion, to do this, we need to go get a meets and bounds?

FRAN: Um-hm. Meets and bounds survey and description.

MORGAN: Do we need to hire a surveyor to do this thing?

MAYOR: Oh, we actually have to hire a surveyor to do it?

FRAN: Yeah.

MORGAN: Do I have to make a motion to hire a surveyor? Who's this guy surveying the hospital for us?

FRAN: Pratt. Gary Pratt.

MAYOR: Let's see what kind of money we are getting into this before we start getting into it. I didn't realize we had to have a surveyor. I figured we could just do it by the regular deeds. Okay.

RILEY: Riverside Drive.

DONNA: There's nothing to prevent a formal request.

MAYOR: Okay, well, I'll do that, so we'll walk through that informally and see what their reaction is. And then we'll, if it's positive, then we'll proceed. Perhaps. If the cost isn't too great.

RILEY: there used to be a sign down there at Riverside Drive where they, what is it, Anna Jarvis Drive comes out. And a little ways farther, gas company's little house up in there, they used to be a sign, sat there, said State Maintenance Starts Here. In other words, it was city, there back. There used to be a sign.

MAYOR: I know it. Well, I don't think that this would change because the Routes would still be State Road. So, I don't think that that's going to be a factor. Because they are all designated WV Routes.

MORGAN: I don't think it's going to be much money either. To have Pratt go out for a survey.

MAYOR: Well, I just don't want us to go out for a lot of money and stuff. It's not that important. Okay, but I was just doing this to let you know where we are going at that. I wasn't going to ask for your approval at this point. We'll just see what's going to happen,

MORGAN: So, you're just going to talk to County Commission. Is that what you are saying?

MAYOR: Right.

MORGAN: And you'll do that verbally?

MAYOR: No, I'll do a memo like this. So they know exactly what we are seeking. And then they will say whether they are willing to go along with it. Because there's no sense in us not checking at first. You know, we don't need to go the cost if they are going to say no. All right, the next item is

g. Resolution on Open Governmental Proceedings Rules

MAYOR: And apparently this is another one of those things we need to do to satisfy the departments for the bond issue.

TANSILL: Do you need a motion to adopt this?

MAYOR: I think so.

FRAN: Actually, there was something new passed by the Legislature this year to code division so this applies to the division.

MAYOR: So, we're just updating our Sunshine Law kind of thing.

FRAN: Right.

Motion to adopt the Resolution for Open Governmental Proceedings Rules was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

MAYOR: Okay, next item is

h. 1998-99 Police and Fire Pension Funds Financial Statements

MAYOR: And I guess this is Larry's baby.

At this time the tape was changed so a little was missed

LARRY: They say that's all we have to do is have a review and Donna is Chairman of the Pension Board. And we have to certify that ?. In order for me to requisition. This year we are going to receive $40,035.72 for the Police Pension Fund and $35,561.96 for the Fire Pension Fund.

MAYOR: I noticed on here that on the Actual Assumptions, it says the Unfunded Actuary, assume liabilities is $1,257,000

LARRY: That would be where they spent the existence of Police Pension Funds and take into consideration of the current officers that we have if they are going to be retired. You see they are not saying how much money will be coming in, in the future.

MAYOR: Well, that's what I was wondering. So, that's projected after their retirement.

LARRY: They have a kind of format of those funds are that way. But the policemen have more officers and have quite a bit more officers retire, you see. And that's why it's so much larger.

DONNA: Neither one of these, I'm very pleased to say that neither one of these funds are under funded. They're fully funded at this point. You know, you don't have the pension problems that the PEIA

MAYOR: The teachers

MORGAN: Who is the company that handles these?

LARRY: Who handles it?

MORGAN: Yeah, who is the company that these are through?

LARRY: The Police is funded with Barney and the Fire with ?. The police and the fire, they decide where they invest their money.

MORGAN: Okay, so the policemen say where they want theirs and the fire say where they want theirs?.

LARRY: Yeah.

MAYOR: Okay, so do we need to do anything on this?

LARRY: No.

MAYOR: Except that we accept the financial statements.

LARRY: The first four pages are what will go before Charleston. Two pages that has the ? that's the report that I move to Charleston.

DONNA: All we have to do is present it to you.

MAYOR: Okay, we've been presented.

DONNA: Yeah, it's my signature that's on the line there.

LARRY: It's stating that you all did see it.

MAYOR: Okay. Let the minutes show that we saw it.

MORGAN: Okay, this is coming from the State to put in their pension funds. How did the State get their hands on it.

LARRY: It's the insurance premium tax that you pay on your house, your homeowners insurance, it goes to, I think school retirement pension funds, it goes to the volunteer fire department, I'm not sure how it is broken down, but it's a tax that is taxed on every citizen in West Virginia. When you get your next house insurance bill, it will say, WV State Insurance Tax.

MORGAN: Okay.

LARRY: And they will divide that among all those in the pension fund. In fact, the bottom amount went down this year even though our policemen fund went up because we had more retirees and I think the fireman's went down a little bit.

MORGAN: The State has some kind of ? policies.

LARRY: There's not very many cities that have this. We were a Class II city.

RILEY: When did that become State Law?

LARRY: The insurance premium pack? A long time ago. It's been there since I've been here. I think 15-20 years ago.

MORGAN: So, everybody else in the city is

LARRY: Well, they are under PEIA.

DONNA: Yes, other than the police and fire, everybody

MORGAN: It's not as good a retirement than

DONNA: No it isn't.

MAYOR: Okay, let's move on to

I. Storage Building at Water Treatment Plant

DONNA: This is just a request from the Taylor County PSD. They would like a little storage building to put some of their tractor parts and all and things like that. They don't have enough room in their current garage facility. So, according to the ? the City Council ? they have to have Council approval before they can make any building improvements. So, this is their request. That Council allow them to install this metal building for storage.

MAYOR: Just off the subject, how long is the lease, did we lease that to the PSD?

DONNA: It was 40 year lease and that started in '80

RILEY: After 50 years, it becomes city property.

DONNA: I thought it was 40 years.

FRAN: I think it is 40

DONNA: Yeah, I think it was 40.

MAYOR: 1982 that was?

DONNA: Yeah. So, 2022.

MAYOR: It's kind of a shame, whoever did that. Okay. So, is there approval for them to build a storage building?

Motion to approve Taylor County PSD to build a storage building was made by Councilman Riley and second by Vice Mayor Tansill. Motion carried.

MAYOR: Do we have need for an Executive Session?

DONNA: No.

MAYOR: Is there a motion, well, I have a need for Executive Session. It shouldn't take very long.

Motion to adjourn to Executive Session was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

EXIT: 8:37 p.m.

ENTER: 8:58 p.m.

MAYOR: While in Executive Session we discussed Personnel Issues and one legal issue concerning the contract with the Hydro ? Plant.

XII. ***Council Members Hearing***

MAYOR: And Jim Morgan says he's got a questions.

MORGAN: I do. On this Grafton Lease where we got recommendations on 119?

MAYOR: If you look at my letter,

MORGAN: Your letter here.

MAYOR: I've incorporated that in that letter to DOH and by the way, Gwen, can you type this for me? Did you get a copy? Are there any other suggestions that you want to add to that letter?

MORGAN: I would like to see it 40. It said the average thing is 43. I think going to 35 is too low.

MAYOR: You think it's too low?

MORGAN: I think it's too low.

MAYOR: Okay, let's change to 40.

MORGAN: 43 is the average there? And I have to give the citizen's, I think our citizens are, many times, I don't think that we have that many speeders. We do have some, but, West Main Street, we have a bad problem there. But, anyway, I give our citizens more credit than that. On this GGJ, I see they are sending us a bunch of invoices. I just found out from Larry that we haven't paid them one penny yet. Is that correct? Donna? GGJ?

DONNA: Those just sit until the Bond Issue is passed.

MORGAN: So, right now, we are assuming these hours, I guess, you probably know the question to this, but I noticed when they do this reimbursement, they seem to spread it out over various projects, whether it's Fannie Street, Bluemont Cemetery.

DONNA: Yeah, unless it's specifically related to one project, they have ? they spread it out.

MORGAN: So, you can explain why an officer *couldn't understand what was being said due to the papers being shuffled.*

DONNA: At the present time. They'll spend different hours at different parts.

MORGAN: Who looks at their time sheets to make sure they are not padding?

DONNA: I do.

MORGAN: GGJ's officers

DONNA: no. As far as

MORGAN: Do we get a flat contract from them? Type thing.

DONNA: No, we have a flat contract.

MORGAN: Okay. And it's for how much money?

DONNA: Ah, I forget, $400 and some odd thousand for the design portion.

MORGAN: Okay,

MAYOR: That's assuming we do everything though.

DONNA: Right, that's assuming we do everything.

MORGAN: So, all of that comes out that. Isn't there some $18,000 that we sent in originally?

DONNA: That's for the Bond Council.

MORGAN: Okay. So, did we, while I was in Bosnia, we hired these guys from GGJ, did we get other bids from other consultants?

DONNA: We had ten

MAYOR: Oh, yeah, we had a whole lot of -well, it was the quality of what they proposed. The quality of the work

MORGAN: But you guys had a whole bunch of people. Okay. And we decided on that price. So, I don't have to worry if they were officers or engineers it's just what they are putting their hours to. That's just kind of for their internal thing. They already gave us a price and they are going to go for that price. Right.

DONNA: I asked them to break it up by project so that we know going forward on what we wanted to do. If we decided that we want to get rid of certain projects, or for future reference on construction, could auditors on how they know to build different construction components on that.

MORGAN: That's probably not a bad idea frankly. On this water loss report. When I did my math, so wait a minute, main line repair, $500,000-2% meter loss-that's a million, so it should go down we're loosing about 30% of our water? Every month, is that correct?

MAYOR: That's correct.

DONNA: That's correct. That's down 15%.

MAYOR: It used to run between 45-50%.

MORGAN: But yeah

LARRY: Those 50% loss, we did not use those figures. Part of that is just a gross

MORGAN: Right, right. In other words

DONNA: It was hitting 45-50%.

LARRY: It's been gross 42% since I've been here.

MORGAN: Now, is part of that water loss, it's got to be meters that people can bypass and cheat some how.

DONNA: Oh sure.

MORGAN: Do we have a lot of meters like that?

DONNA: Not a whole lot. And putting in new meters has changed a lot. But we have a lot of old water lines that leak. You know, that we haven't found. And that contributes to the problem. So, it's a combination of the distribution system.

MORGAN: And then this thing on the back, that wasn't our writing, that was the County PSD's writing? That $2002 late fee. Because we just paid $20000

LARRY: If we didn't pay on the due time, we would have to pay that late fee. But we always pay on the due time.

MORGAN: Are we, when we pay $20,000 for that water, are we at least getting in what's purchased from us, are we at least sending out bills and getting enough money to pay the $20,000?

LARRY: we have to or we would be overdrawn at the bank.

MORGAN: Okay, so we are definitely recovering that. Good. So, when you are loosing a third of your water,

MAYOR: I know.

MORGAN: I mean, we're buying a hell of a lot of water. We're not getting the money collected for.

DONNA: yeah.

MAYOR: Right.

MORGAN: Okay.

LARRY: Grafton has always had a high water loss.

MORGAN: Well, we're obviously working something out. I assume we're still, trying to, okay, and all these people that belong to these commissions and boards, have to live within the city or have a business within the city, correct?

MAYOR: Right

DONNA: Most of them

MORGAN: The memo asks about privilege and confidential. This looks like some kind of gun that the lawyers type.

DONNA: Yes, that's on our deed. On our DEP case.

MAYOR: That's out of the American Canoe thing. Is that how that all started.

DONNA: Yeah. The DEP got 10 other municipalities.

MORGAN: Is that all these other people here?

DONNA: Yes.

MORGAN: we got a law suit against DEP?

DONNA: No, he has a lawsuit against us and all of these others. For violations. That's the case that we've been talking about. You know, the settlement, which is requiring us to do the wastewater system.

MORGAN: That's from here. Okay, that's what I thought. And what's FOB mean here on this contract.

FRAN: Free On Board.

MORGAN: Free on Board.

FRAN: It's a commercial law term, for shippers.

MORGAN: And Wayne is going to do the testing here. Paragraph 11 on this contract? Wayne is actually going to do that in ten days. We get a written report back.

DONNA: We'll be doing that testing before it even arrives here, they'll be testing.

MORGAN: How are they going to test it?

DONNA: They go, the person will go on site and review it before we even accept deliver.

MORGAN: Wayne is going to go up there to Wisconsin?

DONNA: Oh yeah. No, they'll bring it to Clarksburg or whatever area. Then we'll see it there and accept delivery and immediately before they leave, we'll be doing testing with it. Ten days is more than sufficient time.

MORGAN: So, we'll be testing from bumper to bumper.

DONNA: Oh, yeah.

MORGAN: And it's under Wisconsin Law? Do we want that? That's what it says here in 13. Law, This sale and contract entered into this date, by the seller at his place of business in Toledo Wisconsin.

FRAN: Typically where the contract is accepted is the place where.

MORGAN: I thought we accepted it in Clarksburg.

FRAN: Where the contractor accepted it.

DONNA: The corporate office is from

MORGAN: Basically, you have no problem with it. You could change it from WV, but you have no need to do that?

FRAN: Well, I don't think we could change it to WV. Typically when

MORGAN: I mean, you can change, I mean, if it was a contract between him and me, I can't say, I like this, if I buy a house. I can't say, I don't like it, I want that thrown in, if I'm selling it, I'll give you this and I'll give you that. And if you don't like something, I'll say, yeah I'll change it. You can't do that with the fire truck?

FRAN: Sure we can try to negotiate that, but typically the seller of these kinds of service or product, will say, the law of my state governs where I sign the contract. Other wise, they can tell you to go on your way

MORGAN: Sure and I can go to Texas and buy it.

FRAN: Yeah.

MORGAN: Okay, so I could do it.

FRAN: Well, certainly,

MORGAN: Thank you, that's all I have.

MAYOR: Okay. We are adjourned at 9:08.

Thomas L. Horacek, Mayor

ATTEST:

Gwen M. Basford, City Clerk

Regular City Council Meeting
Tuesday
October 5, 1999
6:30 p.m.

I. & II. *Invocation and Pledge of Allegiance*

Invocation was given by Mayor Horacek and the Pledge of Allegiance was said by those in attendance.

MAYOR: Thank you. Please be seated. The issue of interest to most people here is actually at the end of our agenda. And I think, however, that we will be able to move through this agenda fairly quickly. And reach that point. There are some very important things that we have to get through. We have a Wastewater Improvements, one of our engineers here to talk about that. That would probably take about ten minutes. But we tried to stream line the agenda as much as we can, just so we can have you not waiting so long.

III. *Roll Call*

Roll call was taken. Those present were: Mayor Thomas Horacek, Vice Mayor Jeffery Tansill; Councilmen: Chesley Rogers, Jim Morgan and Beryl Riley. Also present were Finance Director, Larry Richman; City Attorney, Fran Whiteman and City Clerk Gwen M. Basford.

IV. *Minutes of Regular Council Meeting, September 21, 1999*

Motion to approve the minutes of the Regular City Council Meeting of September 21, 1999 was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

MAYOR: We have a few Communications that, I'm sorry, we have the

V. *City Manager's Report*

MAYOR: And I have a number of reports from each of the departments that I'll quickly summarize. In the Water Department, and I'm just going to read off the reports we got, or received from the department heads. The Water Department replaced 300' of water lines on St. Charles Street. A service line was replaced on Lincoln Street and pit meters were installed otherwise we're doing grass and weed cutting. Installed boxed culvert, guardrail and a few other miscellaneous things plus a sidewalk at 702 Maple Avenue. The water loss at this point for September was down to 33.77%.

In the Grafton Fire Department, the monthly report indicates one structure fire, ten service calls, three false alarms, one hazard condition, one rescue call, four

Motion to approve the WV Community Partnership Grant in the amount of $16,000.00 for the Maple Avenue Playground was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

MAYOR: I suspect that Mrs. Ford is here to participate in this, or are you?

MORGAN: Are you here for Maple Avenue or just a citizen tonight?

DARLENE: I'm just a citizen tonight!

MORGAN: Very Good!

MAYOR: Alright, so that's taken care of. Okay, I'm sorry I got out of--now that I have a new agenda, I guess

b. Second Reading-Ordinance No. 676: Bond Issue for Wastewater Improvements Design.

MAYOR: And this is the ordinance that authorizes the bond sale. That will in fact, pay for the engineering for the sewer projects. Second reading means, we also have the public hearing on this. So,

LARRY: The third reading is next meeting. Vince Collins of Steptoe & Johnson will be here on the third reading.

MAYOR: Airight. Very good. Okay.

MORGAN: Now, the third reading is not going to be until we know the outcome of the grant, is that correct?

MAYOR: No, that would not be correct. Because I don't think we'll know about grants until November.

MORGAN: Right, that's what he said.

MAYOR: the next meeting

MORGAN: As I understood, Vince Collins, that we would not do the final reading until we knew the outcome of this.

MAYOR: I think, it's not until the third reading.

LARRY: It will be in the paper on the 8th and advertising

MAYOR: That's right. Okay, let's do the short reading of this and get it out of the way.

GWEN: Ordinance authoring the design of extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the City of Grafton and the financing of the cost, not otherwise provided, thereof through the issuance by the city of not more than $740,000 in aggregate principal amount of combined waterworks and sewerage system design revenue bonds, Series 1999 (West Virginia SRF Program); providing for the rights and remedies of and security for the registered owners of such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.

MAYOR: Alright, thank you.

Motion to approve the second reading of Ordinance No. 676 was made by Councilman Morgan and second by Councilman Riley. Motion carried.

MORGAN: Just for those members of the community that are present, I just want them to understand that at any point if we are not going to get, as Bill just said, if we are not going to get all the grant money that we are applying for from Appalachian Region of WV, then we do not have to take and borrow that full amount of money. And I serious doubt that we will. We're not going to encourage that. If we don't get that grant money to go forward with that.

MAYOR: But we should point out as well, that we are under a Department of Environmental Protection Order to correct certain problems in our sewer plant so that we are stuck somewhere between a rock and a hard place. Alright, the next item should be a quick one. It's

c. ***Bids for Trailerable Street Paver***

MAYOR: And we have received only one bid. That bid came from Rish Equipment. The City is moving to purchase a street paver that hooks on the back of one of our dump trucks so that we can begin paving the smaller streets in town. Because obviously we don't have the money to get a contractor to do it. So, unfortunately, this won't do us much good this year. But we hope to see some real change next year. The bid was for $6,535.00 which would be $5,725 for the paver and $800 for the delivery set up, installation and training. And of course, Busty Weber, who is the head of the street department has been pushing for this for some time. And I have to agree that we have to do something.

RILEY: Which one of these did they get in width.

MAYOR: Nine-foot.

MORGAN: It goes to ten foot doesn't it?

CITY OF GRAFTON

1 West Main Street, Grafton, WV 26354

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AGENDA
Regular Meeting Grafton City Council
Tuesday, October 19, 1999
6:30 p.m.
City Council Chambers

I. *Invocation*

II. *Pledge of Allegiance*

III. *Roll Call*

IV. *Minutes of Regular Council Meeting, October 5, 1999*

V. *Acting City Manager's Report*

VI. *Communications*

VII. *Commission, Committee Board, Project and Conference Reports*

- *A.* *Commission and Board Appointments*
- *B.* *MAPP - Grant Request- Darlene Ford: Delegate Tom Coleman*

VIII. *Old Business*

- *A.* *Third Reading – Ordinance No. 676: Bond Issue for Wastewater Improvements Design*
- *B.* *Public Hearing – Ordinance No. 676*
- *C.* *Second Hearing - Ordinance No. 677*
- *D.* *Public Hearing – Ordinance no. 677*
- *E.* *City Manager Applications – RE: Selection Committee*
- *F.* *Street Names*

IX. *New Business*

- *A.* *Payment of Bills*
  - *1.* *Regular Budgetary Bills*
  - *2.* *1998 HUD EDI Special Project Grant for Hotel/Depot*
- *B.* *Revision to 1999-2000 General Fund Budget*
- *C.* *Bluemont Cemetery Storage Building*
- *D.* *Fire Protection Fees- RE: Addendum*
- *E.* *Personnel Policy – RE: Compensatory Time*

X. *Citizen's Voice*

A. Jim Fike *B.*
C. *D.*

XI. *Executive Session – Legal Issues per WV Code 6-9A-4(b)(12), Contract Negotiations per WV Code 6-9A-4(b)(9) and Personnel Issues per WV Code 6-9A- 4(b)(2)(A)* (If needed)

XII. *Council Member's Hearing*

XIII. *Adjournment*

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MAYOR: We are going to change the order of the agenda and move the Readings and Public Hearings for Ordinance 676 and 677 to the very top because Mr. Collins has to be in Morgantown, I'm sorry, back in Morgantown to the Board of Education meeting shortly. So, what we'll do, we'll go with the Invocation and Roll Call, I'm sorry, Pledge and then the Roll Call and then We'll immediately move to Old Business and get through that so that he can get to his next appointment.

I. & II. ***Invocation and Pledge of Allegiance.***

The Invocation was given by Mayor Horacek and the Pledge of Allegiance was said by all those in attendance.

III. *Roll Call*

Roll Call was taken. Those present were Mayor Thomas Horacek, Vice Mayor Jeffery Tansill; Councilmen Chesley Rogers and Beryl Riley . Also present were Acting City Manager, Larry Richman; City Attorney Fran Whiteman and City Clerk Gwen M. Basford.

MAYOR: Okay, we are going to move now to

VIII. ***Old Business***

MAYOR: And then we'll go back up and cover other things. But the first item of Old Business is

→ *a.* ***Third Reading – Ordinance NO. 676: Bond Issue for Wastewater Improvements Design***

MAYOR: Just briefly explain that this is the Bond that we're have applied for and it's at ½ % interest for 30 years. And this is to enable us to design all of the sewer projects that we're hoping to be able to do. It doesn't necessarily obligate us to use all of this money, but certainly enables us to carry it through with this project. To it's completion if we so choose. So, can we have the short reading of Ordinance NO. 676?

GWEN: Ordinance authorizing the design of extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the city of Grafton and the financing of the cost, not otherwise provided, thereof through the issuance by the City of not more than $740,000 in aggregate principal amount of combined waterworks and sewerage system of combined waterworks and sewerage system design revenue bonds, series 1999 (West Virginia SRF Program); providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a 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.

MAYOR: We have Mr. Vince Collins here who is able to answer any questions that people will have. Or Council members will have. About the bond issue. Any questions from Council? If not, we're going to move to the

→ *b. Public Hearing-Ordinance No. 676*

MAYOR: I'd like to open the Public Hearing on Ordinance No. 676 and this is an opportunity for anyone who wishes to make a statement or ask questions about Ordinance No. 676. Is there – Mrs. Gerkins

MARGE GERKINS: I don't know anything about this. I mean, I'm here to hear what you are planning on doing. Is it going to be a complete renovation of all the sewer systems as it stands?

MAYOR: No, that would take far more money than I

MARGE: That's what I was afraid of.

MAYOR: Than what we are envisioning. There is some uncertainty yet about the total design of the projects to be done. The projects that would be done, is currently looked at would include sewer, by the way, this is a City – County co-operative project. It would include an extension to the sewer out in Parkview, which has a serious problem with sewage. That's about $1.3M. if that goes, it would include the extension to Pruntytown, which is about $670,000. It would include extensions to Maddys Restaurant area, also out in Pruntytown area. But not as far out. It would include the correction of inflows in about at least three different sites. The ones that – but we have to set the priorities now. It's not entirely determined yet. That's going to be up to Council here shortly. That would include correcting Bluemont, Fanny, well, the Bluemont Hill, which is combined storm-sewer into the sewer plant, which is a major problem, it includes Thayer Hill on West Side and it includes Fanny Street. So, we have those major inflow problems and it would also include upgrades of various pump stations primarily at Berkley Run.

MARGE: The big blue tank over there?

MAYOR: Right. And also upgrades to the pump station at Fetterman. As you know, we are getting a new tank there, but that is being paid for by the State. As they build the bridge. It would also include some major upgrades to the sewer plant. Now, I have a report to give you later tonight. But that's a brief synopsis of what it would cover. The initial, the total cost was envisioned to be about $8.2M. We now think that would be less. But, we were hoping to borrow at most, $4.2M, I believe. Although it may be $4.9 if we include this other design bond. And the and we are seeking $4M in grants. $3M for the extensions, is it three?, well $3M Block Grants and ARC Grant. Appalachian Regional Commission Grant. So, we're hoping that the $4M will get the three grants. This will be a staged project so it will occur over about five years. Five year period of time. If we do all the projects. So, that's

MARGE: We was wondering because that big, blue tank over there is terrible.

MAYOR: So, that's what, that's the way the project is, but we just met with the DEP today in Charleston so we've learned a little more about what we may be able to do to

save cost. And that's important because all of us are very concerned about raising the rates.

MARGE: Well, that's going to be pretty much the same that we started with to start with isn't it?

MAYOR: Yeah. There are some other things, come to think about, there's the cleaning out of the sewers along Maple Avenue and the ones that run along the river and Grand Street. Those are also included. There's various other things included in that.

MARGE: And the lift stations?

MAYOR: Well, the pump stations, yeah.

MARGE: Thank you.

RICHARD TAYLOR: Will it help with the cleaning of the lines on Main Street here? The sewer lines.

MAYOR: We would hope it would. One of the biggest problems that we have is the amount of storm water. We, in fact, have a combined sewer-storm water system and we are rated. I mean, that's our, we are permitted for that type of a system.

TAYLOR: The reason I'm asking is because I live up at the Towers and that drain there, when you go by, you get knocked out with the odor.

MAYOR: Well, that's one of the principals, you see, that's where the Bluemont, that would hopefully take a lot of water out of that particular system right there. At least that's my understanding.

RILEY: A couple of them is creeks! LAUGHS

MAYOR: Yeah, the problem is that we have creeks that are, that have been diverted into the sewer system. Or the storm – sewer system.

MARGE: The State is not going to insist that all of the natural drainage will be taken out.

MAYOR: Well, what DEP told me today is that almost no city can take all of the sources of drainage out. What you do, is you try to get the biggest ones out. Now, if you have a new city, of course, you wouldn't combine the sewer and storm systems. And you would have purely a sanitary sewer system, which makes the design of the plant both efficient and cheaper. But, unfortunately, ours is built when it was still acceptable to do the combined system. Are there any other questions or comments about during the public hearing of Ordinance No. 676? If there are no other comments or questions, I'd like to close the public hearing on Ordinance No. 676. Is there any discussion by Council Members? Are you ready for the roll call? Okay.

Motion to pass the Third Reading of Ordinance No. 676: Bond Issue for the Wastewater Improvements Design was made by Councilman – Motion carried.

MAYOR: Alright, we're going to move next to

c. *Second Reading- Ordinance No. 677: New Sewer Rates*

MAYOR: And this is the ordinance that sets new sewer rates. And exactly, I don't know how much it is. It's not very much, but this is to cover only the loan. The design loan. I was going to see here, but I don't think it gives us the old rates here. Well, could we have the short reading of Ordinance No. 677?

GWEN: An Ordinance amending and repealing ordinances Nos. 188, 334, 390, 435, 515, 575, and 667, the City of Grafton Sewer Rate Ordinances setting forth new sewer rates, connection charges, reconnection charges and delayed payment penalty for service to customers of the sewerage system of the City of Grafton.

MAYOR: Alright, thank you. Does anybody know quite what the, I'm thinking it's like fifteen cents or something, is that correct?

COLLINS: No, it's about eighty cents on the average residential customer. 5 ½%.

MAYOR: Okay.

LARRY: Mine is a dollar, but eighty cents is probably right.

MAYOR: So it does jump it quite a bit here.

MORGAN: For how long?

MARGE: Will this increase just go on and on and on?

MAYOR: Oh, yes, because this is a thirty year loan. Alright, let me open the

d. *Public Hearing – Ordinance No. 677*

MAYOR: Is there anyone here that would like to comment on this ordinance? Or make a statement for or against this ordinance?

MARGE: Is the county going to pay some on this one?

MAYOR: No. Only those people that are hooked in the system that are living in the county.

MARGE: They will be assessed as we are?

MAYOR: They will be assessed the same as what people in the city would be. That's one of the problems with the system is that we have to maintain a fairly large system or relatively speaking a small number of customers. So, if it's possible to expand our base, we're better off in the long run, but

MARGE: Alright, are the storms in the current system going to be able to handle the Pruntytown and all of those customers?

MAYOR: Yes. Without any problem. The, the plant presently operates basically at half capacity most of the time. And the only other real problem is that we have the storms or lots of water flow in which case we, at times, get into violations because it just runs through the plant so fast that you can't remove the bacteria or solids.

FORD: I have a question.

MAYOR: Please.

FORD: My understanding is that there is raw sewage going into the Tygart River from the Parkview area is that true?

MAYOR: That is correct.

FORD: And this would correct that?

MAYOR: Well, it will, it will correct some of that. The intent of course, is to pick up as many customers along there as possible. And some of the people just have septic systems that were never designed properly and now are in bad shape. Other people up there, just had a system that was hooked into pipe that ran directly into the river. And so we have that problem there and we have that problem seriously in Pruntytown as well. And realistically anywhere in the county where you have a lot of houses placed together, you probably have a serious problem. So, yes mame.

PEGGY: Do they have an option? Or I mean, do they not hook up to it.

MAYOR: I'm going to address that a little later. That's a big concern that we have and we're not sure if PSC ruling is going to force them to hook up or not.

MORGAN: It should.

MAYOR: Well it should.

MORGAN: Did you get a clarification on that today?

MAYOR: No, no we did not.

MORGAN: I thought, like you're probably thinking that everyone had to actually hook up. I didn't think it was optional.

MAYOR: We're worried about that. Are there any other questions? Are there any questions for our consultant here? If there are no other questions, I would like to close the public hearing of Ordinance No. 677. Is there any discussion that council would like to have on this ordinance? This is the ordinance to increase the rates. We just passed the ordinance to approve the bond sale.

MORGAN: What are we going to do, rescind this Tom, if for some reason the grants don't come through or do we just pass another ordinance nullifying this ordinance.

MAYOR: Probably, what we would choose to do is to use this money for actual construction rather than design.
MORGAN: You mean this $740,000?

MAYOR: Right. That can be shifted to construction if we so choose. That's not really what it is designated for. So it would be useful and certain the rate of interest

MORGAN: ½%

MAYOR: ½%. Alright. Are you ready for a roll call.

Roll call was taken. Motion carried.

MAYOR: Alright, thank you very much, thank you Mr. Collins. Sorry you didn't have much to do.

COLLINS: Let me say that this is the last action you will have to take. When we do determine how much this design loan you need to borrow, and we get closer to that, a few things have to occur before that does happen. Then we will have a supplemental resolution with the exact amount of the borrowing and we'll have the closing date and all the other details set forth.

MAYOR: Alright.

COLLINS: The loan will be at ½% for 30 years regardless of what the outcome turns out. This ordinance permits you now to borrow up to that amount. It doesn't say

MAYOR: You have to borrow all of that. Alrighty, thank you very much.

COLLINS: Thank you appreciate it.

MAYOR: Okay, well, I guess we better go back up to our original order here and go to the minutes from the regular meeting of October 5th.

IV. ***Minutes of Regular Council Meeting, October 5, 1999***

MAYOR: Are there any changes, amendments that you would like to make to these minutes?

RILEY: I got a correction.

MAYOR: Okay.

RILEY: You made a mistake last week and I forgive you. LAUGHS

MAYOR: Thank you. I make lots of them.

RILEY: On the power plant up at the dam. I was the one that asked to have that put on the agenda.

MAYOR: That's right.

RILEY: And you said Jim, so it didn't make any difference, but

MAYOR: Okay.

MORGAN: We were both pushing that Gene. That's not a problem!

MAYOR: Gwen, can you check that out and correct that?

Motion to approve the Minutes with the change of mentioning that Councilman Gene Riley brought up the hydroelectric plant was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

MAYOR: We don't really have an

V. *Acting City Manager's Report*

MAYOR: The issues that Larry is concerned about is further on in the agenda. But let me take this opportunity to tell you a little bit about the meeting that we had today. The DEP officials. This meeting was with the Department of Environmental Protection officials in Charleston, with our engineers from GGJ, Inc., that's our engineering firm that was selected for the project. And with Jim Pennington and myself. And basically I gave you a hand written memo, I apologize. The printer ink ran out of our computer and didn't get it otherwise. The most important and most interesting aspect of this meeting, well, one of the most, was the fact that the DEP pointed out that our present plant is already meeting the standards for BOD. Now, do you remember what that stands for? I'm thinking it was a bacterial load, but I'm not sure. And suspended solids which has to do with the organic matter in the, you know, the sewage stream. And that we're actually doing pretty well, except during periods of heavy flow in this. And that the main problem is managing our sludge and the inflow problem. Now the bottom line is that the engineers had originally thought that we would need to increase the capacity of our plant to handle the inflow. And they had recommended that we go to, which you would called the sequential batch reactor, which would include a considerable more construction. DEP is recommending that we just upgrade our present plant, by putting in an aeration system in our plants. And various other changes.

MORGAN: Are they recommending aeration or chlorine?

MAYOR: Well, what they are recommending, well they are going to go with chlorine I think, but the aeration is to make the bacteria in the vats or tanks grow and to that's the purpose there. Currently we have 50 horsepower motors running all the time to churn that stuff up. Aeration would be far cheaper in terms of our electric costs. Plus we are going to face replacing those systems anyway. Those are almost thirty years old. So, I, we did not, the engineers did not have estimates of what the cost saving would be, but they said that the sequential batch reactor was going to be $3.2M. So, we'll probably have a savings in excess of a million dollars if we go with just the plant upgrade. The only thing that worries me, is that I have a feeling if we find savings then the State would pull back grant monies. But, I'm hoping that is not the case, but, you know how that is. I'm sure Mr. Coleman knows how that would be. With those agencies. Okay, second, but that was the good news. DEP questioned the need for flow evaluation study, and the questioned the cleaning of the sewer lines running along the Tygart River. And mainly on there was a question on how we wanted to cover those costs. We discussed the three

major inflows: Thayer Hill, Bluemont and Fannie Street and the consensus was there was a high priority for correcting some of those anyway. We discussed the use of the Berkley Run Pump Station as a primary treatment tank for storm run off. Of course that would have some sewage in it. It would be fairly dilute. But, well, the heavy flow periods.

MORGAN: What is it 2-3,000 gallons tanks?

MAYOR: Oh, much larger than that. It's the huge tank over by the high school. And then we discussed the extension of Parkview and Pruntytown. Then finally the question was raised, the possible PSC ruling that residents that classify of what hardships would not have to hook on to the sewer system. And we are going to have to pursue that with PSC. The engineers are going to do the same through their attorneys. But that is a potential problem because it affects the revenues that the city would be getting, if we don't have enough people sign up, then obviously that changes the revenue and our ability to pay off loans. So, that's pretty significant. But I wanted to let you know.

MORGAN: Does DEP have ? on that.

MAYOR: They didn't say. They didn't say.

MORGAN: Septic systems, don't they have to ? or something like that?

MAYOR: Oh, yes, they just run right into the fields.

MORGAN: That's what I thought.

MAYOR: The other thing I should say about that is, that they, the engineers are going to be up here the first week of November to meet with us to try to set some priorities on the facilities plant. Meaning we're going to set priorities on what projects we want to do.

MORGAN: 1 November, Monday?

MAYOR: No, no, we have sent the time, but the first part of November they will be up here. Alright, let's move on to

VI. *Communications*

MAYOR: And we have a whole lot of things, I did receive a addendum from GGJ meeting, which I'll give to Gwen to, or do you want this Larry, to add to move on to Council? We received the minutes from the Vandalia Heritage Foundation. I'm sorry, the Vandalia Heritage meeting with the Board of Directors. That I thought was pretty interesting. We received a memo, which we need to address and maybe we ought to just do that now. We neglected to set the day for Trick-or-Treat. We set the hours, but failed to set the day. And I am in agreement, myself, but I like Saturday, it's a good day.

MORGAN: Is that what the Chief recommended?

MAYOR: I assume you don't want to do it on Sunday night. But, I may be wrong.

Motion to approve Saturday, October 30, 1999 from 6-7:30 p.m. as Halloween Trick-or-Treating date and time was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

MAYOR: We received a report from George Piggot and Associates. He's our city engineer, the engineer we use for the city. And he provided us a report on the site at Wal Mart and he's pretty critical of the cut on the hillside. He said that we would be fortunate if the slide does not occur at the top of the slope. But he also says that it's too late to remedy this condition. And so, I'm kind of baffled by what, what our options are here. And

ROGERS: Where they took the dirt out?

MAYOR: Right, on the real steep cut. Did you get one of these?

ROGERS: I don't know. I probably did.

MAYOR: Okay, so anyway, I think we need to have some further discussion on that. At some point here to see what we want to do. He's recommending that they try to plant things as quickly as possible. And they had agreed to on the original agreement with us to plant it, but they neglected to do that.

LARRY: Could you maybe apply for a grant for trees?

MAYOR: I don't think plants will hold on that slope.

LARRY: You don't think?

MAYOR: No, I don't.

ROGERS: It's pretty steep.

HOLLINGSHEAD: Plant poison ivy, it will grow

MAYOR: It's already growing there! It's growing quite well in those areas.

MORGAN: Hydroseed on the hillside.

MAYOR: Right. So, I suppose, that Larry, that some of us ought to get together and talk to the Wal Mart people here very soon. So, if you get us together. Some of us.

LARRY: *couldn't understand what was said.*

MAYOR: No, that's city property. Now, they own some of the hillside closer to the store.

LARRY: But they had permission to take the dirt off.

MAYOR: Yes, but they also had, an agreement said they were to contour it to – I looked for a copy of it today. But they were to contour it so as to prevent erosion and they were to seed it. So, alright, we received a notice from Rosewood Center. Inviting us to their

open house to celebrate the completion of renovations there. And that's on the 24th of October. From 1-4 in the afternoon. We received, and this is very important. We received a memo from the police department indicating their needs in terms of radio equipment. I remember when I first came to council, this was one of the first issues that we dealt with. Was buying new radios. Now we are back to it again. The dilemma is that E911 has gone to the high band system. And the problem therefore, is I think our radios are not high band. Are they?

MORGAN: They won't be able to communicate with anybody. Except for themselves.

MAYOR: So, we are going to have to do this. I think. So, I suppose we should just put this on the agenda the next time?

ROGERS: It's a pretty good deal.

MAYOR: It's a great deal.

MORGAN: Maybe we should just go out for bid. And get the bid moving.

LARRY: Newspaper bids or just get bids?

MAYOR: Do you want to go ahead and move on it today to advertise bids?

Motion to go out for bids for the high band radio systems was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

MAYOR: And of course, the other thing that we received is the annual financial statement from Larry.

MORGAN: Tom, if I could interrupt for just one second. All we are doing is just asking for a price on those radios. The school system, the school board, the sheriff's department and the ambulances. 911, they are all high band. So our police aren't going to be able to talk to anybody on low band. So we just need prices.

MAYOR: And we also received one other thing which is a letter from Mr. James Gerkins who is requesting to lease a small piece of property on the corner of Victor and Piedmont and we'll refer that to Larry and kind of get us a report for next meeting. Would that be alright.

LARRY: Yeah, that would be okay.

MAYOR: Okay, let's move on to

VII. ***Commission, Committee, Board, Project and Conference Reports***

MAYOR: And we received a copy of this. And we have a number of openings on the Planning Commission. We have an opening for the At Large representative from Ward II and Ward III. As Doug Harryman is not interested in serving on it anymore. Lowell Mason, however, is willing to serve as representative for Ward I. And Gary Hollingshead has agreed to serve on this commission and he is Ward III. And he could be appointed as the Ward III representative. So, I would suggest that if you have no other

recommendations that we appoint Mr. Mason and Mr. Hollingshead on Planning Commission.

Motion to approve the appointment of Lowell Mason as Ward II and Gary Hollingshead as Ward III representatives of the Planning Commission was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

MAYOR: Okay, on the Board of Appeals, this is an important board, because this is the board that hears any appeals from property in zoning kind of actions. And although it only meets once or twice a year, it can be, a somewhat demanding board to be on. Mrs. Kay Harman wishes to step down from her position. Bob Mollohan expires in March of 2000. Terry Mayle expires in December of this year. Sam McCullough expires at the end of this month as does James Mano. Now we have Wayne Beall, who has contacted Lec Flesher who works at Tenneco and he has worked as the maintenance supervisor and is willing to serve on the board. We can appoint him to the board and Busty Weber is willing to serve as the plumbing representative for the board. Now, I'm not sure however, what positions these other people have filled on the board.

GWEN: I have no idea

RILEY: Take the ones that expired or ready to expire.

MORGAN: The ones that are expiring, are they no longer willing to serve or some of them? I mean. they can not serve again if I'm not mistaken. I mean, by charter, they can't, if they don't attend. they are not supposed to serve again.

MAYOR: I don't recall that.

MORGAN: I think that is a clause.

MAYOR: I kind of hate to. I sort of think that we ought to ask Mr. McCullough and Mr. Mano if they want to continue to serve. It seems appropriate to me.

MORGAN: Does Lec Flesher live in the city of Grafton?

RILEY: He said he didn't but, you can check.

MAYOR: I don't know.

GWEN: He's in a lot of violations.

MAYOR: Okay. Alright.

MORGAN: Does it say that you have to live or work in Grafton? Because Tennaco is in Grafton, but Flesher does not live in Grafton.

MAYOR: Well, kind of my feelings. I wonder if we could see which positions these people are filling first.

MORGAN: I agree.

MAYOR: And then we'll know where we need to make the appointments. Can we hold off 'til next, put that on the agenda until the first meeting of November.

LARRY: Okay.

MAYOR: Okay. Thank you. Alright, we're down to

c. *MAPP- Grant Request-Darlene Ford: Delegate Tom Coleman*

MAYOR: We have Darlene Ford here and Delegate Tom Coleman and we would like to hear your request.

FORD: Well, first of all, I think, I would like to introduce Tom Coleman, who is our Delegate. And he has some really good news for us tonight, and then I have some pretty good news. Tom has a presentation for us, which I think you would be interested in.

TOM COLEMAN: Mr. Mayor, I would like to present you with a certificate for the Governor's Partnership Program. All the instruction on how to get $16,000.00.

MAYOR: Alright.

COLEMAN: For Maple Avenue Project. This came about through Mrs. Ford's request to myself and Senator Menear and we came up with $10,000 through the Budget Digest. I was given $38,000 extra now to allocate the projects in Taylor County, which I gave $6,000 of it to the Maple Avenue Important Playground Project.

MAYOR: And it is important.

COLEMAN: Yes. It is.

HOLLINGSHEAD: Hey Tom, there's a camera over here too! LAUGHS

MAYOR: Thank you very much.

COLEMAN: Thank you.

FORD: And I invited Tom here because I wanted to thank him for giving the award. I wanted to thank the council and the city for their support in helping solidifying the $16,000.00. also, we had really good coverage from Channel 5, Channel 12, the Dominion Post, Times and the Exponent and our own Mountain Statesman and I wanted to thank them as well. Now what our, the pretty good news is, we had also requested another Community Partnership Grant. And we, in communications with the individuals of the state that we are working with to get that grant. And they were aware of the money that we were already getting, so they asked us to amend our request from $30,000 to $20,000.

MAYOR: WOW

FORD: So, I think there is a possibility that will be forthcoming as well. I don't, you know, want to jinx it or anything. They've been looking at us closely. They are very supportive of the project and I think they are mainly interested in the fact that this has

been such a community project. The restoration of the park and we're real happy about that. And like ? says, we've been working with the community since February, we're continuing with our fund raising efforts. We realize that you know, all of the money that we get cannot come from government and city sources that we as a community need to go out and support this project. And we are willing to do that.

MAYOR: Thank you very much.

MORGAN: My wife wants to know something.

FORD: Yes.

MORGAN: When is that next big neighborhood sale thing? We have a bunch of stuff

FORD: Are you kidding?! In the spring!

MORGAN: I knew it!

FORD: We do have another fund raiser that's coming up the 23rd of October. But it's in the form of a bake sale.

MORGAN: Well, thank you very much.

FORD: You're welcome.

MAYOR: Larry Richman was just telling me that he believes we received a little better than $8,000 in contributions for the Maple Avenue Park. From private individuals.

LARRY: Restoration of the Maple Avenue tennis courts and the Fetterman Park tennis courts. $4,000 was donated by the citizens who support the Maple Avenue restoration. I just wanted to mention that. Dr. Bennett has been very, working diligently working on the raising funds of the restoration funds of the tennis courts. He's constantly bringing money in.

MORGAN: Now, when you do that Central Playground into a roller blade and skate board

MAYOR: Just as long as they don't head down the hill there! LAUGHS That would be something. That's really great. Thank you Darlene and thank you Delegate Coleman for giving us that good news. Alright, the next item on the agenda is

d. City Manager Applications-RE: Selection Committee

MAYOR: Larry, are you keeping the folder?

LARRY: Gwen has it.

MAYOR: Okay. And what I'd like to do is, I think everybody, every council member ought to go through the applications.

ROGERS: I think so too

MAYOR: And rank your selection of who, you know, from one to however many there are. How you want to rank them.

LARRY: Are you going to have a workshop on them?

MAYOR: Well, then we can have a workshop if you want or we can just do that individually. And then plan the interview of the applicants next week. I would like to see us,

LARRY: I would like to see by next week!

MAYOR: Well, I would like to see us go through the applications and rank order them so we know who to interview.

MORGAN: You don't want to interview all of them? Like the top three or something. Suggestions.

MAYOR: That's all the resumes. Well, I was thinking I would like us to interview them next Tuesday. We have an open night.

MORGAN: Board of Education meeting that I have to attend.

MAYOR: And I think we ought to interview a minimum of three. That's the standard practice. A minimum of three, we can interview more and of course we'll have to if we have ties within that group. We're going to have to do that. Gwen can figure out the rank ordering of who gets, you know.

MORGAN: I'm busy

MAYOR: This is it in terms of applications. The deadline was today, I believe. Larry was not the deadline today for applications?

ROGERS: Did you put that in the paper three times?

MAYOR: Larry, was that in the paper three

MORGAN: It has to go in the paper two times

MAYOR: Two times, I don't know.

GWEN: The applications, it's been in twice. It's been in four different papers.

MORGAN: It has to run twice in each one of those papers.

GWEN: It did.

MAYOR: So, we made the effort to get the word around.

MORGAN: What time Tuesday?

MAYOR: I would say, just use the regular council time. If possible, but we could set it a little later if you want.

MORGAN: Maybe earlier if you ask me.

MAYOR: What's your pleasure on the day?

ROGERS: What date's Tuesday.

MORGAN: The 26th. The 27th is better for me.

MAYOR: I was thinking that the 27th is likely to be a church night for some people.

ROGERS: I'm a leaving here on the 27th. I'm

MAYOR: Let's do it the 26th then.

ROGERS: I'm going hog hunting on the 27th.

MAYOR: Is that right?

MORGAN: How about the 25th? That's better for me. Tuesday is bad for me.

TANSILL: Tuesday night is parent – teacher night at the high school.

MORGAN: That's one of the things I got. My Tuesday night is filled up. Other than those two nights. Saturday is bad. Saturday, Friday and Tuesday is bad.

ROGERS: Thursday, Friday and Saturday, I'm not going to be here.

MORGAN: Monday is good.

MAYOR: He's got a parent-teacher

TANSILL: No, that's on Tuesday.

MAYOR: Oh, okay, well let's move it to Monday then the 25th Is that alright with you? Now, that's assuming we can work out, that's assuming we can work out interviews with those people. The 25th. Are we all going to come to the interview?

ROGERS: I'm coming.

MAYOR: Okay. And we'll, I'll come in Friday and make sure that we've got whatever.

GWEN: You'll turn the paperwork into me so that I can call them.

MAYOR: Friday. So, you have to get it in to her by Friday. We have to review and tell it to Gwen.

RILEY: We ought to have ours in by Tuesday, though. Is that right?

MAYOR: No, by Friday. This Friday.

RILEY: Friday. You told me Tuesday.

MAYOR: Well, we changed it. We are going to turn in our applications by Friday. We want to interview. Then Monday night we'll interview starting at what time?

TANSILL: 6:30

MAYOR: 6:30? Is that alright. Okay. 6:30.

GWEN: Do you want half hour intervals?

MAYOR: I would, well, we'll shoot for a half hour. We'll go over if we have to. Alright, let's move on to the next item, which is

f. Street names

MAYOR: And we have a selection that, well we have some recommendations I should say. And we have Mr. Greg Groves here from E911.

GROVES: I came tonight to ask if there are any questions and to clear up some information that I heard was a question. This is really our first step towards addressing. It's adopting the names. We also have another, Mrs. Gerkins has a request. But, the change the name of a street in her area. There wasn't one that was duplicated and our committee was picked to do the duplications. I'm going to let her request that through you all. Busty Weber and myself went over and looked at the change that she requested and we have no problem with it. This first step getting back to our groups recommendations, we thought of all different ways of doing it. Naming it after prominent citizens. Somebody that made history in Grafton, but who is to say who is more important than anybody else. We didn't want to leave anybody out. And we didn't want anybody to feel slighted. What we done is took the areas, looked to see what. I tried to stay with the same type of name for example. Some areas were named after flowers. We stayed with that. Lucretia area had a lot of animal names in it. So we stayed with animal names. We tried to make things as simple as possible. Without hurting anybody's feelings. Our group worked hard on it. It was very educational for me. I learned a lot about Grafton. The names that we came up with, like I said, we worked hard on it. And came up with it. We may come up with some others later on down the road, but we drove the areas. I personally drove each area and checked them. And Wayne had checked a lot of them. And we feel we came up with a good group of names. The second step that we need to go to. First we need to get these adopted. So it gives us something to work off of. The second step, before we make them official, by having the citizens changing their addresses. Is to go out physically, for example, Brownlow Avenue, where I live. We have Rt. 1, Box whatever. Physically go out and take a road and go down the street and do it. It would mean a standard. Which the postal services recommends. 5.28 feet is a possible address. Get the address. When you get one street done, go ahead and make that street official. Send out the notices to the citizens. And I prefer myself to hand deliver. So, if you have any questions or anything, then it could be answered. But the postal service will accept both addresses for one year. So, if you have checks written or printed up or something that might take a long while to get changed. They'll accept both of them for one year. So one year should be plenty of time.

MAYOR: Alright.

GROVES: Unless you have a lot of checks. I did talk to the postal service and they confirmed it today. It is twelve months. And we are following proper procedure. By the way we are doing things. Just asking for another options and we will go on to our next step. We may want to add Mrs. Gerkins on the same ordinance. Since it is going to change.

MORGAN: There is something I would like to interject with her. There are a couple of streets here that, I've had some feed back on from some citizens. And I think Gene has too if I'm not mistaken.

MAYOR: Are the citizens aware of these changes?

GROVES: Some

RILEY: No.

MORGAN: not all citizens. Let's put it that way.

MAYOR: I was kind of wondering if we ought to get these out in the paper somehow. So, people can really make some comments on them. I hate to go to adoption

RILEY: I'd like to question this.

MAYOR: Okay.

At this time, they were talking too low to understand

MORGAN: We wondered if that would make the whole thing collapse.

MAYOR: Well, it's going to affect people on a personal level. This is really more personal. It opens up a can of worms, but it opens up a can of worms either way.

LARRY: Are you going to ask for suggestions for names.

MAYOR: Well, I wasn't going to say that. No. No. This is what we are considering adopting.

Couldn't understand what was being said.

PEGGY: Well, if you let the people have a choice, you should have done that before we worked on it.

MORGAN: Right.

MAYOR: Well, I'm not saying a choice, I'm saying, we ought to let people know before we just out and out do it. And say, you have to accept this, because we already did it.

MARGE: You will list the things in the paper and say that this is the name for this area and this is the name for this area.

RILEY: Look at Lurcretia for instance. That's just one. Look at Lucretia's page. Everyone of them is after a wild animal. Every street that you are naming is after a wild animal. Did you consult with anyone out there? Maybe they don't want them streets named.

GROVES: Well, the other

RILEY: I think the people need to know what you are doing.

MORGAN: The only thing I got on that Gene, is a couple of people want to change that to BEARCAT. I think it was Bear Street and they want to make it Bearcat. Was one of the ones. And I heard several of that.

RILEY: The next problem that I see is this when it's accepted, made into an ordinance, the changes are made.

MAYOR: Well, I think, oh, okay

RILEY: If I'm on one of those streets that changes, thank God I'm not, but, I'd have to change my address with everything I've got. Driver's license, retirement, this, that and the other. Everything. All my checks and so on. Then you turn around and within a year and you are going to re-number every house and every lot, vacant lot and so on. Who's going to pay all of this postage? Why don't you do it all at once?

GROVES: That was my second step of plan. We'll go ahead, after we adopt, that gives us something to work with. Then we go ahead and do the re-numbering and make it affective. Once we get one street done. Then make the street affective at that time plus their address. You only have to do it once. No, I don't want people to keep on doing.

RILEY: Put a feeler out. See what people thinks about this street names and so on.

MARGE: Just put it in the paper and say that these are actually suggested names. And see what you get back. Don't say, because if you give all of these people a chance, they are going, everybody is going to have a different name.

RILEY: Don't come jump on me. I didn't make it up! LAUGHS

MARGE: Just put out the idea.

MORGAN: I think Tom's on the right idea.

MAYOR: Well, we'll just say that these are the names that the committee has selected.

TANSILL: What if we were to have some sort of town meeting on an off night just to get some feed back. And if they don't come then, too bad.

RILEY: I got one more question. Thayer Street and Thayer Avenue. Everybody that has lived here from child days up, knows where they are at. Why do you want to change Thayer Street?

GROVES: The reason being is that sound alike names, well, we're sending emergency vehicles. Sometimes you may only have one chance to get an address. Somebody says I live on Thayer, and don't tell you Thayer Street or Thayer Avenue, and we send the police or the ambulance over or the fire department over, to Thayer, which Thayer do we send it to? Thayer Street or Thayer Avenue. And they get to the wrong place, it could mean life or death.

RILEY: I was with the Taylor County Emergency for 13 ½ years. I was their captain for ten. And I've been all over this city and the ambulances and everything else and I never had no problem with Thayer Street and Thayer Avenue.

GROVES: Well, that's the whole drive with the 911 to get the duplications out so that there's no chance of it happening. You lived here long enough you probably know most people by name. So and so lives here, so and so lives here. But you're getting the influx of new people. Coming into the community. And a lot of houses that used to be citizens that lived here for a long time. They've passed away or moved on and you have new folks.

MORGAN: And there is confusion Gene. Believe it or not. Between Thayer Street and Thayer Avenue. But I have another question Greg. Harman Plaza – Harman Drive – Harman something else.

GROVES: Okay.

MORGAN: None of them were changed. But, High Street and Highview was changed. Highview was changed because it sounds like High Street. But High Street and Highview are not the same like Harman Plaza, Harman Drive and Harman something else.

GROVES: Harman Plaza is the Plaza.

MORGAN: There's a Harman Drive and something else. They're still street names and if you are going to use the argument that Thayer Street and Thayer Avenue can be confusing for ambulance drivers, than Harman Plaza, Harman Drive and Harman Road aren't going to be confusing.

GROVES: Harman Plaza and Harman Center are private roads. You can run your business however you want to, but

MAYOR: Mrs. Gerkins, what was your suggestion? We never did hear that.

MARGE: Which suggestion?

MAYOR: Your suggestion for a street name.

MARGE: Well, mine is not a suggestion. We have, we live over in the fairground. The old fairground behind the National Guard. We, when they put the guard in, they added a new road. And it was never a street name. It has no name. And it went behind the guard and between the lots that go in between ?/. That the guard did not buy. Well, we bought them, this piece of ground. That goes, I think I have the plat. I don't know if will mean anything to you or not. You come out Rose Street where the rest home is. And it

intersects with this one piece of road where there is no name for the road. And it goes across the fairground. They use it all the time now for the kids at school and when they bring them out for football practice and so forth. And our daughter, we are giving her a piece of ground to build a house and we need a street name. That's the problem. We just need the street name.

MAYOR: So it's an unnamed street.

MARGE: It's an unnamed street. And it connects with Piedmont Avenue on the top, Rose Street over this way and then goes on across around the, to where the, oh, where the building is there on Luby Street. There's only one other person that lives on that street in that area and that is Wilson Miller. On the curve. And Tricia, our daughter, we're going to give her a piece of the ground so that she can build a house there. And she needs the street name. Now, along with the street, coming out of there is another street, that when we bought the place, bought this piece of ground, it had the big ravine in it at the back. That goes, Berkley Run opens right on to Berkley Run. And Victor Street comes down from Piedmont Avenue down the hill and it runs clear across the ravine. And in order to use that, the City would have had to build a bridge. To get across to Victor Street and Wilson Miller lives on the corner of that. As you go through it, Wilson Miller lives on the corner of that. So we talked with Wilson and he said he doesn't mind a bit. If they name, if the name is changed. And so, asked the city to abandon and you fellows were all on the council. And they abandoned this piece of property that goes across where they would have had to have the bridge built. Now there's a small little road about 14 foot wide that goes from before it comes down here to – where there's a bridge that comes across from over on Walnut Street that puts this all together. Across the railroad track across 119 and it hooks together over here on, as it comes down the hill to Victor Street. So, we gave the city, the this one little teeny road that is just an access road in order to Joe Gerkin and anybody that wants to go in or out, we gave them that piece of ground that they can go in and so that means the city builds a bridge across it. So, that will be left there. Then we own a piece of property in between that and Fletcher Street comes in back of it. So, we want to get this while they are doing this we would like to get, it's been surveyed. And we haven't had all we want is this one street named. Which is from Piedmont Avenue over to Luby Street. The corner of Luby Street. And Wilson Miller and we talked to him and he said would like, it would be fine with him, no problem. And then, just that's all we want. That's all, my daughter has suggested a name, she said we'll call it Ben's son, Benson Street. So,

MAYOR: B-E-N-S-O-N?

MARGE: Benson. Benson Drive. That's what she wants it named if you don't mind.

MAYOR: Alright.

LARRY: Marge Street?

MARGE: No way!

MAYOR: That's what we'll think every time we go by there.

MARGE: It's inconvenient now. It's going to be less convenient. We're not going, we don't want anything done with it, we just want the street named. And then all the lots

that face it. we have about two acres of lots there. Down in the bottom. We're going to give her the one that she wants. So. that's our problem. We don't want to change.

MORGAN: That's big lots. what are you going to do put a big development out there? LAUGHS

MARGE: Now, we have an order from the judge for this Fletcher Street. That comes from Piedmont Avenue from up on the top. Where this other new road goes. The access road goes in and out. And it is supposed to be 15 foot wide and the city was ordered by the judge's orders to open it up. Well, we don't care if it's open or not. We come out of our garage and turn out. But we would like to get this thing fixed.

MAYOR: Well, you're mainly concerned about the one street?

MARGE: That's right, naming that one street. Yeah. Because they named new street, when the army did what they did with the reserves, put that building in there, they just took all the ? of the housing and moved it over here on the fairgrounds. And made a new street.

MAYOR: Well, what's your thoughts on how you want to handle this at this point? Back to the issue of publicity and input and

MORGAN: I don't know if we need to have a town meeting. I think it's not a bad idea to let folks know what we are doing. And I also agree with what Greg said, we don't change those names right now, we'll put out the notice and say here are the suggested names, we're not looking at changing them right now

MAYOR: Not suggest that these are the names that have been selected.

MORGAN: Okay

MAYOR: Well, you don't want to

MORGAN: Right, right

MAYOR: Make an open process here.

MORGAN: These are the names that have been selected. And then we just also clarify that the names are not going to change immediately because

MAYOR: We want to consider this for a while.

MORGAN: We're redoing addresses as well.

MAYOR: It's going to be complicated for a lot of people.

MARGE: I do have one request though, that Greg, when you put that Piedmont Avenue street, they changed, the post office changed it because it was 911. It was a 911 bit. And the changed it from Piedmont Avenue to Piedmont Street. It is Piedmont Avenue on everybody's deed, everything. So, it should be Piedmont Avenue.

MAYOR: Gary, should we get with you?

HOLLINGSHEAD: I already talked to Greg to some extent and was keyed in to what you were talking about.

MAYOR: Right. I don't know of anything else. Alright, well, thank you. That means that we need to move on to

VIII. *New Business*

MAYOR: First item is

a. *Payment of Bills*

MAYOR: You should have a second listing. This is the

1. ***Regular Budgetary Bills***

MAYOR: Pages 1 – 25. You might want to notice that on page three the we've got in here to pay for the survey of E911 to put that property transferred over. We're getting into the process, I'm not sure where we are. And I think it just has to go through the legal process.

TANSILL: Larry, the bridge out at Steven's Road, is that, I see that we are paying, is that done?

LARRY: I think it's done.

MORGAN: Yeah, it's done, they had to put the blacktop down. It's done.

LARRY: I kept the bills separate.

Motion to pay the Regular Budgetary Bills in the amount of $55,549.94 was made by Vice Mayor Tansill and second by Councilman Morgan. Motion carried.

MAYOR: The second part of this is

2. ***1998 HUD EDI Special Project Grant for Hotel/Depot***

MAYOR: And it's the separate thing here. The total is up front. So, this is the payment of the High Country Contractors for the completion of the roofing project on the hotel.

Motion to pay the 1998 HUD EDI Special Grant for Hotel/Depot in the amount of $60,010.85 was made by Vice Mayor Tansill and second by Councilman Riley. Motion carried.

MORGAN: How far are they on the hotel?

MAYOR: I have not heard.

MORGAN: The scaffold is all down I think.

The back side is still there.

MAYOR: Okay, the next item on the agenda is

b. Revision to 1999-2000 General Fund Budget

MAYOR: And this is from Larry.

LARRY: I'll try to explain this. When I made the first budget revision to the year of the second reading in July, we need the requirement of the unencumbered balance was budgeted by July 31st. I've budgeted why it was at that point. Now, I'm correcting that. And bringing it the unencumbered balance at $383,142.00. I'm increasing it to $15,909.00 this is mainly for taxes that were received after the second meeting although the year ended June 30th. We will not get the Sheriff's settlements until the first week of August. I would not have known what it was. Plus expenditures that would have been from June 30th. So, I'm really just doing some house cleaning there. I'm increasing the fire fees by $34,000 and this is do to the increase of fire service fees that we did, that we done a few weeks ago. And it went into affect for this months billing. So, we'll have 11 months that will increase. Increasing the budget by $49,909.00. On the expense side, Council Budget is where I had to pay into the various depreciation funds and budgeted. So, I'm removing $19,700.00 and it will go down to the fire department and when we get to that you'll see. And in the Contingency, I'm adding $5,449.00 and the Police Department, I'm adding $6,000 and this is mainly because of the loss of the two grants and we laid off the one secretary and the personal services of the one secretary in this amount to pick up the 75% for those two officers where we once received from the grant fund.

MORGAN: And that $6,000 came from the general fund?

LARRY: Yes, from the unencumbered balance. And then on the fire department, I'm increasing that budget by $53,700 and that's just the amount of the $34,000 in increased fees and the $19,700 that I'm removing from the budget ? that we have saved for the fire truck. Because we'll have to spend out the money for the cost of the

MORGAN: You said $19,700?

LARRY: Yeah. Yes. All the funds that I have in the depreciation and savings are budgeted into this council's budget. And then on the communications, I'm adding the $460.00 to include the survey cost that you just approved in the bill for. And in parks, I'm adding $4,000 what was in the original budget that I think we'll need for next years operation. And what will be ??. I'm kind of guessing that. For the pool operations. Yeah, I have a separate account. Yeah, we were in the black this year. I don't have the totals done, but I would say there was a profit.

MAYOR: When do you think you'll

LARRY: Probably next week or so I'll know. You see, what I did, when we were paying the bills out, they were paid from the general fund, but we started depositing the money when into a separate account. What we had anticipated putting $5,000 in general fund into the pool operations. I think we spent probably a little more than last year budget that was budgeted so, I've got a little more money extra in hand in that account.

So, probably in this year's money, budget amount, I won't have to use the general fund. But I have to have it on paper here and that's why I'm adding. On the expense side it's $49,909

MORGAN: Is there money in the police department budget? To buy radios.

LARRY: Well, they have a little under $6,000 in their account.

MORGAN: For equipment?

LARRY: They were hoping to use that for a cruiser. So, if I do not take that and buy radios, I'll see if I can find money somewhere else. I'll play that by ear.

MAYOR: Okay. So, I think we need to pass a resolution

LARRY: Yes.

MAYOR: Adopting the revision.

Motion to approve the Revision to the 1999-2000 General Fund Budget was made by Councilman Morgan and second by Councilman Riley. Motion carried.

MAYOR: We'll sign this in blue. We check off here?

LARRY: No, I'll type that.

MAYOR: While we are doing this, the next item is

c. ***Bluemont Cemetery Storage Building***

MAYOR: I've learned my lesson, I'll never say anything in Council again. Or any sort about anything. LAUGHS

MORGAN: Who reported that? Mountain Statesman? Or television?

MAYOR: I don't think that was reported! I wouldn't worry about that.

MORGAN: DEP was here the next morning!

MAYOR: Yes, so, I will keep my mouth more shut than previously. No jokes about anything. We have here the consideration. Or we have the need to move a number of things and this appears to be the way that we can solve it. As cheaply as it seems to be the case at the moment. And there had been thoughts for some time of using the roof, the old roofed water tank at the Bluemont Cemetery. So, Busty and I ran up there last week or whenever it was and I about killed myself walking up through there, but Busty almost did, but in any case, that's a really solid structure. And what Busty did was to get Danny Williams a quote on dozer work to approve access road to the tank and to cut a hole in that tank, a square hole install a 12 x 12 garage door and so far. Basically $6,500 for a very large storage building is a good deal. The only draw back that I see is that we are going to have to do some work to make sure that we are going to have it drained out well. That's no big deal, but we can never do better this quickly.

LARRY: ? Stanley from having traffic from that one street going through the cemetery. I didn't know if you wanted to open the street from Emory directly up to it.

MORGAN: Emory is that little alley going up behind it?

LARRY: No, Emory goes directly into it from Anna Jarvis School. And when we had the new roof put on that water tank when it collapsed, we created a road that Emory all the way up and I think that would be the best way getting up there. You know, when we bought the salt in, I can't think that they are going to make the curve on Robert Street entrance from Bluemont Cemetery.

MAYOR: It would be tough

LARRY: I mean, they are only eight foot wide streets.

RILEY: The inflow and outflow use the same.

MORGAN: Tom, is Busty going to send the DEP up there and ask if it is okay? I know he said they had to have a roof. I think he told me, that they wanted it enclosed,

MAYOR: I don't know.

MORGAN: That might not be a bad idea. You know, just have DEP look at it and say, yeah, this will meet our criteria.

MAYOR: On the other hand, if they find something wrong, we're in trouble.

MORGAN: If they do find something wrong, it kind of would be nice before hand.

MAYOR: I don't know, let's talk to Busty about that. See what he thinks. Do we need to go out on bid on this, or what's

LARRY: If Fran lists this as an emergency because we have rock salt on order.

MAYOR: I'm asking if we have to go out for bid on it.

MORGAN: I lean toward bid on it.

FRAN: Well, it is an emergency, therefore you don't have to bid it, but

MAYOR: We have to declare it an emergency.

FRAN: Yeah, but we have to use State Wages if it is. If there are any other people besides, who's doing the dozer work?

MAYOR: Danny Williams.

FRAN: Is he the only one?

MAYOR: I think so.

FRAN: Does he have any helper working for him? It will have to be State Wage

RILEY: Did DEP give us any date when we had to move.

MAYOR: I think they did.

LARRY: That we can no longer dump or store our street salt on Front Street

MORGAN: I don't think they gave us a drop dead date, though, I think. I mean, you can ask Busty, when I talked to Busty, that they gave a drop dead date, but more or less you just can't keep it there anymore, find another location.

MAYOR: My impression that the wages are not going to be the significant factor on this. So I don't think that it is going to be a real issue.

FRAN: The State Wage Rates. You have to make sure that this guy uses them for any helpers.

MAYOR: Okay.

FRAN: Otherwise we get ? The problem.

MAYOR: So, we should before we approve this, get back to him and we need to approve it on condition upon is that what we need to do that? In the motion, do we need to declare this an emergency?

FRAN: Yeah.

MAYOR: So, what we need is a motion to declare the construction of, what should we call it?

RILEY: Salt and cinder?

MAYOR: Renovation of the storage tank as an emergency because the DEP order to move our salt. Therefore we are going to accept this bid conditional upon his ability to pay the prevailing state wage. Does anybody so move having said that? LAUGHS

TANSILL: So moved.

MAYOR: Does anybody second that?

MORGAN: I think we should go out for bid. My philosophy says you should go for the bid.

TANSILL: How long do we have to move the salt?

MAYOR: Well, when's the salt going to be delivered? That's the dilemma. We already ordered it last week.

MORGAN: Well, can't we call them, when I order something I just call on the phone and say, hey, delay that delivery date. Fifteen days.

ROGERS: Well, they tore the wires out down there.

LARRY: Oh, they already bought a load?

MORGAN: That was cinders.

ROGERS: Oh, it was. I thought you told me it was salt.

MORGAN: I'm just saying, can't you make a phone call and say hey, delay the order.

LARRY: I don't know. I can find out. I don't know that.

MAYOR: Okay, what kind of time period would we have to follow going out for bid Fran?

FRAN: Ask the City Clerk.

MORGAN: By the next Council Meeting.

GWEN: It has to be advertised twice. I'm sure it has to be legally advertised twice.

FRAN: Class II Ad.

GWEN: You can have it in two weeks for the next council meeting.

LARRY: What would the weather be for him to work on is what I'm concerned about. Are we going to have bad weather.

MAYOR: I do too.

MORGAN: Okay, can you find out some information for me and call me over the phone and I'll gladly give you permission over the phone. But I would like to know how long it will take Danny to do it. Can we get the delay of the salt. Can we delay the delivery of the salt? Can Danny do it in three or four days?

FRAN: You can't vote over the phone.

MORGAN: We can't?

MAYOR: Because then it's not a public meeting. It's not an open meeting. What are your thoughts here Gene? Do you want to go out for bids?

RILEY: The property down at State Road, even if we acquire it. You can't put salt and cinders down there no more. They was right on the creek bank and in the river. Within 100 foot. So, they are worse than we are.

MORGAN: We had this stored over at Three Fork for I don't know how many years, so if the weather catches us, as you, ride this one out Larry, you and Tom ? the weather. If the weather becomes an issue, then I tell DEP, hey DEP we went out for bid, we are trying to comply with your comment. We're trying to move the stuff. We want to move the stuff. We are trying to fix the place up there. And we are working as fast as we can

to get all of the bids in and making sure that DEP signs off on the thing. And we are working as fast as we can. And if the weather catches us, then we just keep over there where we got it. Until the weather breaks. I mean, what's DEP going to say? No, you have to move it. You got to get Danny Williams or whoever the contractor is up there and do the thing.

FRAN: Well, actually they can bill you a fine.

MORGAN: What's the probability of that?

MAYOR: I'd say that it's pretty high now that there is a report. I would say.

LARRY: I could call Busty at home now and see.

BREAK: 8:06 p.m.

ENTER: 8:15 p.m.

MAYOR: And we're back on the matter on the proposal to renovate, construct or cut holes in on the old Bluemont Cemetery Water Tank. And Larry, what do you have to report?

LARRY: Well, Busty says that the salt was due to be delivered in a week and a half, but we can postpone it for 3 ½ weeks. We can have it delivered when we want it there in other words.

MORGAN: Good, that's good news. That's what I figured. Just like getting your VCR.

LARRY: And he said by deciding for the next council meeting it would be alright.

MAYOR: Okay, then let's go out for bids then.

LARRY: I agree with Jim that we ought to have DEP talk to Busty.

Motion to go out for bids for the renovations for a salt/cinder storage area of the Bluemont Cemetery Water Tank was made by Councilman Morgan and second by Vice Mayor Tansill. Motion carried.

RILEY: How long does it take DEP to come around a look at a spot?

MORGAN: That's a very good question.

MAYOR: The next item is

d. Fire Protection Fees- RE: Addendum

MAYOR: I don't think I got anything on this Larry.

GWEN: You should have gotten one.

LARRY: It may be in his box. Did you put that in the box? That's why

MAYOR: I'm sorry, I didn't check my box. This is a memorandum from Wayne Beall to Larry Richman and Gwen Basford and Fran Whiteman. And what it say is when Ordinance NO. 674 was written this past year, I believe a section was left out when discussing collections with Laura there were no definitions of the different users. The City recently went to court on an overdue account and the case was won on the definition of the ordinance. These definitions need to be added to the current or ? dealing with the fire protection fee. Well, it makes sense to me. Could we just add section ten? Well, that's a question for Fran here. I do believe.

FRAN: We can add a modification to ordinance.

MAYOR: How do we do that?

FRAN: By ordinance.

MAYOR: Could you take care of that?

FRAN: Um-hm. I got a question for Wayne though. Maybe you could come here and help me clarify so I could put it in words that , do you want me to add the words under G?

WAYNE: Yeah.

FRAN: It doesn't make sense

WAYNE: Well, however it makes sense, but we need to add in there about the appliances.

FRAN: In a multiple family dwelling.

WAYNE: Well, what happens is that when people have apartments in their house, if they say they don't rent them, we get two fire and police protections off of them. When they say they don't rent them, they tell us they use them for storage. So we have to go in there and look for something to make sure it's not livable. A single unit. If they take the appliances out or whatever, somebody is not going to move in there.

LARRY: You mean appliances like refrigerators?

WAYNE: frigerators, stoves and some how.

MAYOR: Okay.

MORGAN: Thank you for coming.

WAYNE: So they say they are not renting

FRAN: Well,

WAYNE: We have a case with somebody in town that told us that. They were out and now they are renting it. Well, Donna started the appliances. The appliances wasn't there and we didn't charge them. That's the

MORGAN: Citizens trying to cut corners, Wayne!

MAYOR: So, that will have to wait. Gwen is coming back to us with the modifications of the ordinance.

FRAN: That would be Fran! LAUGHS- I know, you've been doing it all night.

MAYOR: Have I been doing it all night? Okay, I'm sorry. LAUGHS Okay, the last item is

e. Personnel Policy – RE: Compensatory Time

MAYOR: And this is the ordinance for last time. And basically it's going to exempt

FRAN: Administrative, professional or executive employees are not entitled to overtime or compensatory

MAYOR: Right. Okay. Now, is that going to include department heads? It is not under out present policy.

FRAN: I'll have to take a look at our personnel policy. Department heads are a separate paragraph.

MAYOR: I was thinking

GWEN: They are paid hourly.

MAYOR: Okay, so that should be okay than.

GWEN: And the city manager is paid salary.

MORGAN: Gee no TV cameras.

MAYOR: They were here. They had some other event to go to.

RILEY: I don't remember that ordinance.

FRAN: Employees classified as hourly wage employees will receive salary compensation at 1.5 times worked for any hours worked in access of 40 hours per week. So, your hourly

MORGAN: Are they hourly? Our department heads are hourly, does it say that?

FRAN: Council just passed an ordinance not too long ago to define who is hourly and who is not at the wage rate, right Gwen?

MAYOR: In our pay raise. I wonder if we shouldn't check this out more thoroughly just to be sure. Do you think?

At this time everyone was talking at once.

MAYOR: Jim, I've got a copy of the hydro power thing if you want, I can loan it to you if you make sure I get a copy. How about if I give it to Gwen, and she can make all of us copies!

FRAN: Yes, they are hourly.

MAYOR: I'm getting the impression that maybe we ought to put this off until next time.

FRAN: Well, this ordinance indicates that all the department heads are paid hourly. And so,

MAYOR: Do you think we are fairly safe? Or should we go ahead with this.

FRAN: I can tell you that a department head is not an executive administrator or a professional person.

MAYOR: Okay.

FRAN: They are not executive because that is the city manager. Administrator is the manager type, Gwen type and professional is me. Or an accountant.

MAYOR: Okay, do you all want to go ahead and pass this the first reading?

MORGAN: Well, the first reading doesn't make it go into affect.

MAYOR: No.

MORGAN: Anyway

MAYOR: I was just asking you. Fran is fairly comfortable with the way it is and thinks that the department heads are safe since they are hourly. Paid hourly.

FRAN: I think you need to put it on the agenda for the next

MAYOR: Well, is there a consensus to put it on a paper? So, that's that. We just got this list and I think we ought to think about the properties going up for sheriff's sale. Or is that the land commission sale we went to last year?

FRAN: That was land commission. This is the sheriff's tax.

MAYOR: I wonder if we want to pursue any of these properties.

ROGERS: We ought to check them out and see what they are.

MAYOR: Well, we have some time, but we probably have to make a decision of the first meeting in November. So, did everybody get a copy of that?

ROGERS: Yeah.

MAYOR: So, let's look at that. We are down to citizens voice. Is there any other citizen that would like to speak to or at council.

ADJOURN: 8:31 p.m.

_____
Thomas L. Horacek, Mayor

ATTEST:

_____
Gwen M. Basford, City Council

Regular Meeting Grafton City Council
Wednesday, June 21, 2000
6:30 p.m.
City Council Chambers

I. & II. Invocation & Pledge of Allegiance

The Invocation was given by Vice Mayor Tansill and the Pledge of Allegiance was said by all those in attendance.

III. Roll Call

Roll Call was taken. Those present were Mayor, Thomas Horacek; Vice Mayor, Jeffery Tansill; Councilmen, Chesley Rogers and Jim Morgan. Also present were City Manager, Kevin Stead; City Attorney, Hunter Mullens; Finance Director, Larry Richman and City Clerk, Gwen M. Basford. Councilman Riley asked to be excused due to going on vacation.

IV. Minutes of Regular Council Meeting, June 6, 2000

Motion to approve the minutes of the June 6, 2000 Council Meeting was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

V. City Manager's Report

City Manager reported that Jeff Kosak would hopefully be here at the next council session to discuss the hydroelectric plant.

There was a report of vandalism at the Fetterman Park. Intruders spray painted the pavilion and broke one picnic table. There will be increased police protection and hopefully Frank and the inmates can repair the damage.

City Manager is still working on the Slum and Blight SCBG. It is in the final stages of being done.

In the City Manager's office, there is a window out of the church. Hopefully it will be sold to help differ the cost of demolition.

It is hoped that through the HARP Program, there will be four streets paved. They are Knotts Avenue, Haymond Road, Cemetery Street and Bluemont Street.

The SCBG for the sewer project passed the technical stage.

Boylin Timber Company wants the go up and timber land on the west side. They are hired by Sam McCullough. The problem with this is that they want to go up on to Percy Street, which was just recently paved and if they do, since it has not set up completely, it will cause severe damage. City Manager asked if City Attorney could draw up some sort of agreement that Boylin Timber Company pay in advance the cost of materials. Discussion was made about the cost of the manpower also. City Manager will look at the property and discuss it further with council. If they go up on Roschelle Road, then they would have to enter through Walnut Street. There again, they would be damage city property. There is also

concern about them taking out the timber and then mud sliding into property owners homes.

VI. Communications

Housing Authority concerning appointments.

Invitation to the WV Showcase at Bridgeport High School.

A letter from St. Johns United Methodist Church inquiring about purchasing the organ pipe from the Lutheran Church. They made an offer to purchase it.

Budget documents from City Finance Director.

VII. Commission, Committee Board, Project and Conference Report

a. Vince Collins

Vince Collins from Steptoe and Johnson. In October he stated that Council passed an ordinance for the sewer project. The design loan is a preliminary pay for Gills Gard and Johnson. And because of various matters, it has not closed. The ordinance was done that there would be a supplemental resolution at some later date that would nail down the exact amount of financing. The terms and so forth. We are now at that point and he presented a copy of the supplemental resolution. He wanted to give a brief description of the purpose of the terms of the loan. The terms of the loan are good. The loan would be in the amount of $718,000.00. And the $718,500.00 and the payback would be at 0% interest. For 30 years at ½ administrative fee. The payments are made quarterly. The loan is paid through the office of the Division of Environmental Protection. The DEP. It's what we call an SRF Design Loan State Revolving Design Loan. Presumably, after the project is designed there will be a subsequent loan from the DEP maybe others you may get some grant money in there and so forth. But that would be what we call a construction loan. And hopefully that would also be at 0% for thirty years, although there is no guarantee of that. That is what you are going to be requesting. That probably will not occur until sometime next year when the project design is done. When the design has been approved by the DEP, Public Service Commission, Infrastructure Council and all the regulatory agencies. All permits are obtained and put in place for that construction.

Councilman Morgan asked that Mr. Collins said that there were no guarantees that the City would get a 0% interest loan. The question was how high it would possibly go.

Mr. Collins stated that the worse it could be was 3%. But the way it is determined what interest rate category that you are in is basically how your sewer rates compare to your immediate household income. If your sewer rates are more than 1.5% of the immediate household income based upon the average bill, than you qualify for this. That is how it is determined. You will need a rate increase for the construction loan and I assume you will continue to qualify for the 0% money. The program, I'm just saying it because I'm a lawyer because I don't want anyone to say next year, well you told us that we get the money at 0%. Well, I'm telling you right now you qualify for it. Right now the program is available. But both of

those things have to also happen next year in order to get it. I don't see any reason why you won't. Again this is just for the engineering, design and also for that little emergency line that you built last year. We rolled that in this thing. It's not for the construction for the treatment plant or sewer line project that you have coming up next year. That will be more.

Councilman Morgan asked if the design loan can be taken out in little bits. Mr. Collins stated that GGJ, Inc. has been working for years and would like to get paid soon. They will then be doing additional work. The object is to pay as quickly as you get the money. It may be that it takes another month to get the advance in there. There may be some other projects going forward.

Mr. Bill Boyle stated that the engineering cost are not only design but also some construction cost.

Mr. Collins stated that they had no way of knowing how much each project will cost until the bids are open. Until then, it's based on an estimated guess. Mr. Collins asked that the council adopt the resolution so they could proceed further with the project. They were going to try to close the loan on June 22, 2000, but they will still sign everything, but will not date anything because there was some problem getting certification from the CPA as to the rate coverage. They had to find another CPA and it is going to take some time.

Motion to approve the resolution was made by Councilman Rogers and second by Vice Mayor Tansill. Motion carried.

Mr. Collins read the short version of the resolution as follows:

It's a supplemental resolution providing as to principal amount, date, maturity date, redemption provisions, interest rates, interest and principal mandates, sale price and other terms of the combined waterworks and sewage system design revenue bonds Series 2000 West Virginia SRF Program of the City of Grafton gratifying and improving a Bond Purchase Agreement related to such bonds in the Sale of such liberty of such bonds to the WV Water Development Authority designating a registrar at a depository bank that makes other provisions as to the bonds.

At this time 7:06 p.m. the Mayor, City Manager and City Clerk signed all the paper work.

The minutes reflect that Council re-enter session at 7:28 p.m.

b. Bill Boyle

Mr. Boyle came to discuss the design cost. Mayor stated that GGJ, Inc. did a lot of work that has yet to be paid. The Mayor also stated that they did not make clear as to what they were going to do as far as the design work. There was a lack of communication.

Mr. Boyle handed out a memo concerning the effort the GGJ has done so far. They did the aerial of the entire project. The photographs are in the hands of Mr. Boyle at this time and will be given to the City as soon as they are done with the

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 7, 2000

ISSUE: City of Grafton Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (WV SRF Program)

ADDRESS: 1 West Main Street, Grafton, West Virginia 26354 COUNTY: Taylor

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 7, 2000

CLOSING DATE: July 7, 2000

ISSUE AMOUNT: $718,500

RATE: 0%; Administration Fee 0.5%

1ST DEBT SERVICE DUE: 09/01/2001

1ST PRINCIPAL DUE: 09/01/2001

1ST DEBT SERVICE AMOUNT: $5,988.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

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

CLOSING BANK: First Community Bank, Inc.
Contact Person: Ms. Marlene Holly
Phone: (304) 265-1111

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: The Honorable Thomas L. Horacek
Position: Mayor
Phone: (304) 265-1412

OTHER: WV Division of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Chief
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
__X__ Reserve Account: $23,952
____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: _____

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

CITY OF GRAFTON
2000 BOND PROJECT TRUST FUND
1 W. MAIN ST.
GRAFTON, WV 26354

69-243/515 73

101

DATE JULY 9, 2000

PAY TO THE ORDER OF WV MUNICIPAL BOND COMMISSION $ 23,952.00

TWENTY-THREE THOUSAND NINE HUNDRED FIFTY-TWO DOLLARS AND NO/100 DOLLARS

Security features included. Details on back.

First Community Bank
GRAFTON, WV. 26354

MEMO 2000 ISSUE/RESERVE ACCT.

Kevin M. [illegible]

Larry M. Kichman MP

⑆051502434⑆ 8682834⑈

© DELUXE WALLET OR DUPLICATE

SAFETY PAPER

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

First Community Bank, NA, a national banking association in Grafton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Grafton (the "Issuer") enacted by the Issuer on October 19, 1999, and a Supplemental Resolution adopted by the Issuer on June 21, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated July 7, 2000, in the principal amount of $718,500 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 7th day of July, 2000.

FIRST COMMUNITY BANK, INC.

Carolyn L. Miller
Branch Manager

07/07/00
345720/99001

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Grafton Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated July 7, 2000, in the principal amount of $718,500 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 7th day of July, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

07/05/00
345720/99001

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the City of Grafton (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered the City of Grafton Combined Waterworks and Sewerage System Design Revenue Bond, Series 2000 (West Virginia SRF Program), of the Issuer, dated July 7, 2000, in the principal amount of $718,500, numbered R-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 7th day of July, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Assistant Vice President

07/05/00
345720/99001

CITY OF GRAFTON

Combined Waterworks and Sewerage System Design Revenue Bonds,
Series 2000
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of July, 2000, by and between the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $718,500 principal amount of Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted October 19, 1999, and a Supplemental Resolution of the Issuer duly adopted June 21, 2000 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: City of Grafton
1 West Main Street
Grafton, West Virginia 26354
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the CITY OF GRAFTON and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

CITY OF GRAFTON

Thomas L. Howard
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L. Morgan
Assistant Vice President

06/08/00
345720/99001

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

Invoice

ONE VALLEY BANK

HONORABLE THOMAS L. HORACEK
MAYOR
CITY OF GRAFTON
1 WEST MAIN STREET
GRAFTON WV 26354

DATE JULY 7, 2000

UNITS	ITEM DESCRIPTION	TOTAL
	CITY OF GRAFTON COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WV SRF PROGRAM)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	$250.00

869

SEND REMITTANCE TO: One Valley Bank
ATTN: CHARLOTTE MORGAN ~~One Financial Place~~ 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone 304-558-4086 or 558-8855
Fax 304-558-5903

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael P. Miano
Director

May 7, 1999

Jim Pennington
City of Grafton
1 W. Main Street
Grafton, WV 26354

RE: Extension of Permit No. WV0021822
Taylor

Dear Mr. Pennington:

The Division of Environmental Protection and its Office of Water Resources have initiated a new approach to water quality management in West Virginia called "Watershed Management." Under the new approach, the Office of Water Resources will use watersheds as a geographical focus for its activities.

The Office has delineated 32 large watersheds or "hydrologic regions" in West Virginia. Each hydrologic region will undergo a five(5) year management cycle that includes study, planning, prioritization, and implementation of water quality improvement activities.

The expiration dates of WV/NPDES permits are being synchronized with the implementation date for each hydrologic region. Upon evaluation of your WV/NPDES permit, it has been determined that an extension of the expiration date is necessary for synchronization.

Therefore, WV/NPDES Permit No. WV0021822 is hereby extended until October 31, 2001. All other terms and conditions of the subject permit remain applicable through the extension period.

If an application for reissuance has been submitted prior to receipt of this letter, it will be maintained in our files and reviewed in accordance with 47 CSR 10-4.2 at the appropriate time. If an application for reissuance has not been submitted prior to receipt of this letter, please plan to apply at least 180 days prior to extended expiration date above.

Please be advised that this extension is not valid if your permit has been voided due to non-payment of the annual permit fee.

If you have any questions, or if you would like more information regarding Watershed Management in WV, please do not hesitate to contact our Office at (304) 558-8855 or 558-4086 or TDD No. 558-2751.

Sincerely,

OFFICE OF WATER RESOURCES

Barbara S. Taylor
Chief

BST:ml

cc: Env. Insp. Supv.
Env. Insp.

WRD 1A-82
Revised 3/93

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0021822

Issue Date: November 1, 1994

Subject: Sewage Facilities

Effective Date: December 1, 1994

Expiration Date: October 31, 1999

Supersedes: WV/NPDES Permit No. WV0021822 issued 9/28/89

Location: Grafton (City) Taylor (County) Monongahela (Drainage Basin)

Outlet Sites: Latitude: 39° 21' 11" N. Longitude: 80° 03' 09" W.

To whom it may concern:

This is to certify that City of Grafton
Rt. #50 West, Box 257A
Grafton, WV 26354
is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing 1.50 MGD wastewater treatment facility consisting of grit chamber, comminutor, bar screen, 5,400 gallon grease trap, four (4) 95,325 gallon aeration chambers, one (1) 1,962.5 square foot primary clarifier, two (2) 961.6 square feet secondary clarifiers, one (1) 36,922 gallon sludge thickener, one (1) 18,056 gallon decant tank, two (2) 95,325 gallon aerobic digestors, one(1) 31,957 gallon chlorine contact chamber with chlorinator, one (1) 25 gallon per minute dewatering centrifuge, 7 lift stations, existing collection system and all necessary appurtenances.

Facilities are designed to serve a maximum population equivalent of 12,000 persons in the City of Grafton and to discharge the treated wastewater to the Tygart Valley River (18.33 miles from its mouth) of Monongahela River.

This permit is subject to the following terms and conditions:
Department of Health Certificates of Approval Nos. 2683 and 3503.
The information submitted on and with Permit Application No. WV0021822, dated the 20th day of April 1994 and by letter dated August 29, 1994, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, G and H.

(Continued on Page 2)

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311
Telephone: 304-558-4086 or 558-8855
Fax: (304) 558-5903

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael C. Castle
Director

October 4, 1999

MR. JAMES PENNINGTON
CITY OF GRAFTON
1 WEST MAIN STREET
GRAFTON WV 26364

Re: Wasteload Allocation
City of Grafton

Dear Mr. Pennington:

Enclosed please find the completed wasteload allocation form for your 2,300,000 gallons per day discharge request received by this office.

This wasteload allocation is valid for a period of six (6) months and must be renewed accordingly. If a permit application has been submitted to the Division of Health and/or the Division of Environmental Protection, Office of Water Resources, then the wasteload allocation is valid until the permit has been revoked or expires.

If you should have any questions, please do not hesitate to call me at (304) 558-4086, or Doug Casto at Relay 1 (800) 982-8772, extension TTY (304) 558-2751.

Sincerely,

OFFICE OF WATER RESOURCES

PGSangani

Pravin G. Sangani, P. E.
Branch Leader, Permits

PGS:dac

Enclosures

CITY OF GRAFTON

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994

ORDINANCE

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CITY OF GRAFTON

ORDINANCE

ORDINANCE COMBINING THE EXISTING SEPARATE WATERWORKS SYSTEM AND EXISTING SEPARATE SEWERAGE SYSTEM OF THE CITY OF GRAFTON INTO A COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY; PROVIDING FOR THE TRANSFER OF MANAGEMENT, CONTROL AND OPERATION OF THE EXISTING SEPARATE SEWERAGE SYSTEM TO THE CITY AND ABOLISHING THE SANITARY BOARD OF THE CITY; AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWER REVENUE BONDS, DATED JUNE 1, 1972, OF THE CITY AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994; 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 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.

THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the

"Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The City of Grafton (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Taylor County of said State.

B. The Issuer presently owns and operates a municipal waterworks system, consisting of water tanks, distribution lines, booster stations and all appurtenant facilities and properties, and a municipal sewerage system, consisting of a sewage treatment plant, collection and transportation lines and all appurtenant facilities and properties. The existing waterworks system has heretofore been managed by the Issuer, while the existing sewerage system has heretofore been managed by the Sanitary Board of the Issuer, created pursuant to an ordinance enacted July 15, 1970. The Issuer has determined that efficiencies will be achieved by combining its existing waterworks system and its existing sewerage system into a combined waterworks and sewerage system under the management, control and operation of the Issuer and abolishing the Sanitary Board of the Issuer. Pursuant to the Act, whenever a waterworks and sewerage system is included in a combined waterworks and sewerage system and there are unpaid and outstanding revenue bonds, obligations or securities previously issued which are payable solely from the revenues of such waterworks or such sewerage system, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds of the combined waterworks and sewerage system. Accordingly, the Issuer hereby determines that it is necessary to refund its Prior Bonds (hereinafter defined) by the issuance and sale of its Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (the "Series 1994 Bonds"). The Issuer further hereby determines that it is necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, consisting of replacement of approximately 8,500 feet of water line and replacement of service connections on approximately 11,000 feet of existing water line in Grafton; installation of two new booster stations and two water storage tanks to serve Lucretia and Pruntytown; upgrading the St. John booster station; installation of approximately 8,450 feet of water line and a water storage tank near Morosco; installation of a booster station and bladder tank to serve Morosco; conversion of distribution system from three to two pressure zones, elimination of valved connections between pressure zones, and provision of telemetering to the Issuer's garage, together with all appurtenant facilities (collectively, the "Project") (the Project, the combined waterworks and sewerage system of the Issuer, and any further extensions, additions, betterments and improvements thereto are herein called the "System") at an estimated cost of not more than $3,000,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Series 1994 Bonds and the sinking fund, reserve account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Series 1994 Bonds in the total aggregate principal amount of not more than $3,000,000, to be initially represented by a single Bond, to permanently finance the costs of acquisition and construction of the Project and to refund the Prior Bonds (hereinafter defined). Said costs shall be deemed to include the refunding of the Prior Bonds, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon that portion of the Series 1994 Bonds to be used to finance the acquisition and construction of the Project (the "New Money Proceeds") 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 Series 1994 Bonds Reserve Account (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 (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 1994 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 1994 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1994 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. The Issuer has heretofore financed the acquisition and construction of certain additions, extensions and improvements to its sewerage system by issuance of its Sewer Revenue Bonds, dated June 1, 1972 (the "Prior Bonds"), in the original aggregate principal amount of $865,000, of which $685,000 will be outstanding as of the date of enactment of this Ordinance. Pursuant to the Act, the Issuer has determined that it is necessary to refund the Prior Bonds to their first redemption date, being December 1, 1994, in the manner set forth herein with proceeds of the Series 1994 Bonds and other moneys of the Issuer. Upon conclusion of the refunding and defeasance of the Prior Bonds on the

Closing Date, there will be no outstanding obligations of the Issuer which will rank senior and prior to, or on a parity with, or junior and subordinate to, the Series 1994 Bonds as to liens, pledge and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, refunding of the Prior Bonds, and issuance of the Series 1994 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 1994 Bonds or such final order will not be subject to appeal.

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1994 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1994 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1994 Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1994 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issuance of any Bonds) that ends at the close of business on October 1, unless otherwise required under the Code.

"Bonds" means the Series 1994 Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"City Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 1994 Bonds for the proceeds representing the purchase price of the Series 1994 Bonds by 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 Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

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

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Escrow Agent" means the Escrow Agent under the Escrow Agreement, which shall be the Commission.

"Escrow Agreement" means the Escrow Agreement to be entered into between the Issuer and the Commission, providing for the defeasance and ultimate payment of the Prior Bonds, the deposit therein of proceeds of the Series 1994 Bonds and other moneys of the Issuer, the disposition of moneys in the various funds and accounts under the Prior Ordinance and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"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" means the Council of the Issuer, as it may now or hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Grafton, a municipal corporation in Taylor County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1994 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.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1994 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1994 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1994 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"New Money Proceeds" means that portion of the proceeds of the Series 1994 Bonds to be used to finance the acquisition and construction of the Project.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1994 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1994 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and 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 Series 1994 Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the bank or banks or such other entity or authority as may be designated as a paying agent by the Issuer in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, dated June 1, 1972, issued in the original aggregate principal amount of $865,000.

"Prior Ordinance" means the ordinance of the Issuer adopted May 30, 1972, authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, consisting of replacement of approximately 8,500 feet of water line and replacement of service connections on approximately 11,000 feet of existing water line in Grafton; installation of two new booster stations and two water storage tanks to serve Lucretia and Pruntytown; upgrading the St. John booster station; installation of approximately 8,450 feet of water line and a water storage tank near Morosco; installation of a booster station and bladder tank to serve Morosco; conversion of distribution system from three to two pressure zones, elimination of valved connections between pressure zones, and provision of telemetering to the Issuer's garage, together with all appurtenant facilities.

"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, 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 State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

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

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

"Series 1994 Bonds" means the not more than $3,000,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, of the Issuer.

"Series 1994 Bonds Reserve Account" means the Series 1994 Bonds Reserve Account established in the Series 1994 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1994 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1994 Bonds in the then current or any succeeding year.

"Series 1994 Bonds Sinking Fund" means the Series 1994 Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1994 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1994 Bonds, and not so included may be included in another Supplemental Resolution.

"System" means the complete combined waterworks and sewerage system of the Issuer, as created by this Ordinance, in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

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 COMBINING WATERWORKS AND SEWERAGE SYSTEMS, REFUNDING OF PRIOR BONDS AND ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Combining Waterworks and Sewerage Systems. The combining of the existing separate waterworks system and existing separate sewerage system of the Issuer into a combined waterworks and sewerage system of the Issuer is hereby authorized and ordered. In connection herewith, it is further authorized and ordered that the Sanitary Board of the Issuer be abolished and that the management, control and operation of the existing separate sewerage system be transferred from the Sanitary Board to the Issuer. On the Closing Date, the Issuer shall (1) transfer the revenue fund from its separate waterworks system and the revenue fund from its separate sewerage system to the Revenue Fund established by Section 5.01 hereof, and (2) transfer the depreciation fund from its separate waterworks system on deposit with Empire National Bank and the depreciation fund from its separate sewerage system on deposit with Chessie Federal Credit Union to the Renewal and Replacement Fund established by Section 5.01 hereof. The sinking fund, the reserve account therein, and all other accounts created on behalf of the Prior Bonds and currently held at the Commission shall, on the Closing Date, be transferred and disposed of in accordance with the Escrow Agreement.

Section 2.02. Authorization of Refunding of Prior Bonds. For the purpose of combining the existing separate waterworks system and the existing separate sewerage system of the Issuer into a combined waterworks and sewerage system of the Issuer, which the Issuer has determined would achieve efficiencies, all Prior Bonds Outstanding as of the date of issuance of the Series 1994 Bonds in the aggregate principal amount of $685,000 are hereby authorized and ordered to be refunded pursuant to the Act and the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such refunded Prior Bonds imposed by the Prior Ordinance, the moneys in the funds and accounts created by the Prior Ordinance and any other funds pledged by the Prior Ordinance thereto are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 1994 Bonds, and other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Prior Bonds and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of, interest and redemption premium on such Prior Bonds on the first date upon which the entire aggregate amount of the Prior Bonds shall be redeemed, being December 1, 1994, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of such Series 1994 Bond proceeds into the Escrow Fund, the amounts on deposit in the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the Prior Bonds and currently held at the Commission shall, on the Closing Date, be deposited in the Escrow Fund or such other fund

or account as shall be set forth in the Escrow Agreement, and invested as provided in the Escrow Agreement and this Ordinance.

Section 2.03. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $3,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of refunding all of the Outstanding Prior Bonds of the Issuer, capitalizing interest on the New Money Proceeds of the Series 1994 Bonds, funding a reserve account for the Series 1994 Bonds, paying costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1994 Bonds of the Issuer. The Series 1994 Bonds shall be issued as a single Bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1994," in the principal amount of not more than $3,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1994 Bonds remaining after funding of the Series 1994 Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the New Money Proceeds of the Series 1994 Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1994 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent 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 1994 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1994 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

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

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

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in

writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1994 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 Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1994 Bonds Sinking Fund and the Series 1994 Bonds Reserve Account. No holder or holders of any of the Series 1994 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 1994 Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the

Series 1994 Bonds and to make the payments into the Renewal and Replacement Fund hereinafter established, and 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 1994 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1994 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 1994 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 1994 Bonds to the original purchasers; and

C. The unqualified approving opinion of bond counsel on the Series 1994 Bonds.

Section 3.10. Form of Series 1994 Bonds. The text of the Series 1994 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1994 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1994

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia in Taylor 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 ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 199____. 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 199____.

This Bond is issued (i) to refund all of the outstanding Sewer Revenue Bonds of the Issuer, dated June 1, 1972 (the "Prior Bonds"), heretofore issued to finance the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage system of the Issuer; (ii) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, which system is being simultaneously combined herewith (the "Project"); (iii) [to pay interest on that portion of the Bonds of this Series (the "Bonds") to be used for acquisition and construction of the Project during the construction of the Project and for not more than 6 months thereafter; (iv) to fund a reserve account for the Bonds; and (v)] to pay certain costs of issuance hereof and related costs. The Project, the combined waterworks and sewerage system of the Issuer, 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1994 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1994 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided however, that so long as there exists in the Series 1994 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any

other obligations outstanding prior to or on a parity with the 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, shall be applied solely to the refunding of the Prior Bonds and payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 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: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1994 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 Mayor and City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

(1) Series 1994 Bonds Sinking Fund; and

(2) Within the Series 1994 Bonds Sinking Fund, the Series 1994 Bonds Reserve Account.

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

(1) The Issuer shall first (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1994 Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1994 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1994 Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) simultaneously with the transfer set forth in subsection 5.03A(1)(i), on the first day of each

month, commencing 13 months prior to the first date of payment of principal on the Series 1994 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1994 Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(2) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1994 Bonds, if not fully funded upon issuance of the Series 1994 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1994 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 1994 Bonds Reserve Requirement.

(3) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which interest shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of 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 the Series 1994 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(4) Thereafter, the Issuer shall, each month, pay from the Revenue Fund current Operating Expenses of the System.

Moneys in the Series 1994 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1994 Bonds as the same shall

become due. Moneys in the Series 1994 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1994 Bonds as the same shall come due, when other moneys in the Series 1994 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1994 Bonds Sinking Fund and the Series 1994 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1994 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1994 Bonds Reserve Account which result in a reduction in the balance of the Series 1994 Bonds Reserve Account to below the Series 1994 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Series 1994 Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1994 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the concomitant sinking fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such sinking fund.

The Issuer shall not be required to make any further payments into the Series 1994 Bonds Sinking Fund, or the Series 1994 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1994 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1994 Bonds Sinking Fund created hereunder, and all amounts required for the Series 1994 Bonds Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 1994 Bonds Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Series 1994 Bonds Sinking Fund and the Series 1994 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1994 Bonds Sinking Fund, including the Series 1994 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1994 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1994 Bonds Sinking Fund, including the Series 1994 Bonds Reserve Account therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the charges, fees and expenses of the Depository Bank, the Commission, the Registrar and the Paying Agent.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; 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 Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1994 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1994 Bonds, there shall first be deposited with the Commission in the Series 1994 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest on the New Money Proceeds of the Series 1994 Bonds; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1994 Bonds for the period commencing on the date of issuance of the Series 1994 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1994 Bonds, there shall be deposited with the Commission in the Series 1994 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 1994 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1994 Bonds, there shall be deposited with the Commission in the Escrow Fund, the amount set forth in the Escrow Agreement which, together with other moneys or securities deposited therein and the earnings thereon, will be sufficient to accomplish the refunding and defeasance of the Prior Bonds.

D. Next, from the proceeds of the Series 1994 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

E. The remaining moneys derived from the sale of the Series 1994 Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond

Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1994 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Series 1994 Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1994 Bonds Reserve Account, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Series 1994 Bonds be deposited in the Series 1994 Bonds Reserve Account and any balance in excess of said

amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 1994 Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1994 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 1994 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 1994 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1994 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1994 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 1994 Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1994 Bonds and to make the payments into the Series 1994 Bonds Sinking Fund, including the Series 1994 Bonds Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted December 22, 1992, and the sewer rate ordinance of the Issuer enacted April 16, 1991, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. 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 pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation 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 1994 Bonds, immediately be remitted to the Commission for deposit in the Series 1994 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1994 Bonds. Any balance remaining after the payment of all the Series 1994 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Series 1994 Bonds Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series 1994 Bonds Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1994 Bonds. All obligations issued by the Issuer after the issuance of the Series 1994 Bonds and payable from the revenues of the System, except 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 1994 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

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

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. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1994 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding the Series 1994 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate

amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1994 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1994 Bonds.

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

Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

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

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation 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 Consulting Engineers, the Authority, or any other original purchaser of the Series 1994 Bonds, and shall mail in each year to any Holder or Holders of the Series 1994 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 payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1994 Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 1994 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of 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 requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law,

and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all 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 on the Series 1994 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 Bonds, provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1994 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1994 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 on the Series 1994 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the 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 Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of 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 resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent

permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of 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 Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

(6) FIDELITY BONDS will be provided for 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 also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect

to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of 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 of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain 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 necessary for the acquisition and construction of the Project and the operation of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying

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

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1994 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1994 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 1994 Bonds and shall be for the equal benefit of all Holders of the Series 1994 Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by 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.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account, except as otherwise provided with respect to the Rebate Fund. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1994 Bonds which would cause the Series 1994 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1994 Bonds) so that the interest on the Series 1994 Bonds will be

and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1994 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1994 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1994 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 1994 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1994 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations form time to time in effect and applicable to the Series 1994 Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be

requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1994 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

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 Bonds:

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

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

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

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

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, 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 do.

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1994 Bonds from gross income for federal income tax purposes.

Series 1994 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1994 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1994 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1994 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1994 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the 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 out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1994 Bonds from gross income of the Holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the 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 ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

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

have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

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

Passed on First Reading - May 3, 1994

Passed on Second Reading - May 17, 1994

Passed on Final Reading Following Public Hearing - June 7, 1994

Daniel E. Manchin
Mayor

Attest:

Shirley M. Daugherty
City Clerk

Approved and correct as to form:

Frances C. Whitmyer
City Attorney

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF GRAFTON on the 7th day of June, 1994.

Dated: July 27, 1994.

[SEAL]

City Clerk

06/27/94
GRAFC.A4
34572/93001

CITY OF GRAFTON

Combined Waterworks and Sewerage System Revenue Bonds, Series 1994

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994, OF THE CITY OF GRAFTON; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING AN ESCROW AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK AND ESCROW AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of Grafton (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective June 7, 1994 (the "Bond Ordinance"), entitled:

ORDINANCE COMBINING THE EXISTING SEPARATE WATERWORKS SYSTEM AND EXISTING SEPARATE SEWERAGE SYSTEM OF THE CITY OF GRAFTON INTO A COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY; PROVIDING FOR THE TRANSFER OF MANAGEMENT, CONTROL AND OPERATION OF THE EXISTING SEPARATE SEWERAGE SYSTEM TO THE CITY AND ABOLISHING THE SANITARY BOARD OF THE CITY; AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWER REVENUE BONDS, DATED JUNE 1, 1972, OF THE CITY AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE

THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994; 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 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 meanings set forth in the Bond Ordinance;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, of the Issuer (the "Bonds" or the "Series 1994 Bonds"), in the aggregate principal amount not to exceed $3,000,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds to be dated the date of delivery of the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal

payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF GRAFTON:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $2,830,000. The Series 1994 Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1994, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1994 Bonds, and shall be payable in installments of principal on October 1 in each of the years 1995 through 2033, inclusive, all as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Issuer shall, if requested by the Authority, exchange the Bond for one or more series of Bonds as provided herein and in the Bond Ordinance; provided that, the aggregate principal amount and the net interest cost amount of the exchanged Bonds do not exceed $2,830,000 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments.

Section 2. All other provisions relating to the Bonds shall be as provided in the Bond Ordinance, except that the FORM OF SERIES 1994 BOND set forth in Section 3.10 of the Bond Ordinance is hereby amended and shall be as set forth in EXHIBIT A attached hereto and incorporated herein. In addition, the second paragraph of Section 3.02 of the Bond Ordinance is hereby amended to read as follows:

> Unless otherwise provided by the Supplemental Resolution, the Series 1994 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1994 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for one or more series of fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, substantially corresponding to the principal installments or maturities of the Bonds being exchanged; provided that, the net interest cost amount on the exchanged Bonds shall not exceed the net interest cost amount on the Bonds

being exchanged; provided further that, the Authority shall not be obligated to pay any expenses of such exchange.

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

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

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds, and to serve as Escrow Agent in connection with the refunding of the Prior Bonds.

Section 6. The Issuer does hereby appoint First Community Bank, Inc., Grafton, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1994 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1994 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1994 Bonds proceeds in the amount of $207,249 shall be deposited in the Series 1994 Bonds Reserve Account.

Section 9. Series 1994 Bonds proceeds in the amount of $250,000, together with other moneys of the Issuer, shall be deposited in the Escrow Fund to refund the Prior Bonds to their first redemption date, being December 1, 1994.

Section 10. The balance of the proceeds of the Series 1994 Bonds shall be deposited in or credited to the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Series 1994 Bonds.

Section 11. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any,

including, but not limited to, all borrowings from the Issuer's general fund or from the Authority.

Section 12. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the refunding of the Prior Bonds, the issuance of the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 27, 1994, to the Authority pursuant to the Loan Agreement. The Mayor, City Manager and City Clerk are also hereby authorized and directed to exchange and execute the Bonds as provided herein and in the Bond Ordinance if requested by the Authority.

Section 13. The acquisition and construction of the project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 1994 Bonds Sinking Fund, including the Series 1994 Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 16. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1994, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental

unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 17. The Issuer does hereby authorize, approve and accept the Escrow Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Escrow Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

Section 18. The Escrow Agent is hereby authorized and instructed to purchase the Government Securities listed on Schedule A of the Escrow Agreement in accordance with the provisions of the Escrow Agreement.

Section 19. The Escrow Agent is hereby authorized and directed to transfer from the sinking fund and reserve account therein, and the depreciation account created for the Prior Bonds, and held by the West Virginia Municipal Bond Commission, the amounts set forth in the Escrow Agreement, to the Escrow Fund.

Section 20. The firm of Smith, Cochran & Hicks, Certified Public Accountants, Charleston, West Virginia, is hereby engaged for the purposes of verifying the yield of the Bonds, the yield and sufficiency of the Escrow Fund, and savings, if any, resulting from the refunding of the Prior Bonds.

Section 21. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of July, 1994.

CITY OF GRAFTON

Daniel E. MacInnis
Mayor

Attest:

Shirley M. Dougherty
City Clerk

Approved and correct as to form:

Frances C. Shutzman
City Attorney

EXHIBIT A

(FORM OF SERIES 1994 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1994

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia in Taylor 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 installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the date of each such advance, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 199____. 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 199____.

This Bond is issued (i) to refund all of the outstanding Sewer Revenue Bonds of the Issuer, dated June 1, 1972 (the "Prior Bonds"), heretofore issued to finance the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage system of the Issuer; (ii) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, which system is being simultaneously combined herewith (the "Project"); (iii) [to pay interest on that portion of the Bonds of this Series (the "Bonds") to be used for acquisition and construction of the Project during the construction of the Project and for not more than 6 months thereafter; (iv) to fund a reserve account for the Bonds; and (v)] to pay certain costs of issuance hereof and related costs. The Project, the combined waterworks and sewerage system of the Issuer, 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1994 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1994 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of

and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided however, that so long as there exists in the Series 1994 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the 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, shall be applied solely to the refunding of the Prior Bonds and payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, the CITY OF GRAFTON has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 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: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the CITY OF GRAFTON on the 19th of July, 1994.

Dated: July 27, 1994.

[SEAL]

City Clerk

07/19/94
GRAFC.I4
345720/93001

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

July 7, 2000

City of Grafton
Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer of even date herewith, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1994 Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Bonds"), in the original aggregate principal amount of $718,500 by the City of Grafton (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994 (the "Series 1994 Bonds").

Authorized Representative

MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **July 7, 2000**

Re: **Closing Memo - City of Grafton Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program)**

1. DISBURSEMENTS TO CITY OF GRATON

Payor:	West Virginia Division of Environmental Protection (West Virginia SRF Program)
Amount:	$114,273
Form:	Check
Payee:	City of Grafton
Contact:	Rosalie Brodersen

2. DISBURSEMENTS BY CITY OF GRAFTON FROM BOND PROCEEDS

Source:	Series 2000 Bond Proceeds (West Virginia SRF Program)
Amount:	$23,952
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Memo:	Series 2000 Bonds Reserve Account