CITY OF GRAFTON

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM)

DATE OF CLOSING: DECEMBER 19, 2005

BONDS TRANSCRIPT

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BOND TRANSCRIPT

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CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA SRF PROGRAM)

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CITY OF GRAFTON

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF 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 THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2005 A (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.

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 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 acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public waterworks and sewerage system of the Issuer, consisting of (i) improvements to the Issuer's existing wastewater treatment facility (ii) Berkeley Run Pump Station: install two 3,700 G.P.M. storm water pumps, three 650 G.P.M. sewage pumps, chlorination equipment, new emergency generator and appurtenances, (iii) Fannie Street: install approximately 1,745 linear feet of 8" sewer line and necessary manholes, laterals, and cleanouts, (iv) East Knotts and Lincoln/Monroe Streets: install approximately 3,185 LF of 8" sewer line, 575 LF of 12" sewer line and appurtenances, (v) Grand Street and Maple Avenue: cleaning and televising of approximately 8,343 feet of 8", 12", 15", 21" and 24" sanitary sewer main , and (vi) Bluemont Cemetary Area & Front Street improvements, together with all appurtenant facilities, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System").

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $5,000,000 (the "Series 2005 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest, if any, upon the Series 2005 A Bonds prior to and during acquisition or construction 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 2005 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the

feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter 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 2005 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2005 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2005 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Loan Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original aggregate principal amount of $2,830,000; and (ii) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated July 7, 2000, issued in the original aggregate principal amount of $718,500 (collectively, the "Prior Bonds").

The Series 2005 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met and the written consent of the Registered Owners of the Prior Bonds, for which such consent may be required by the Prior Ordinances (as hereinafter defined), to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances (as hereinafter defined).

H. 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 costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter

defined) and to make all payments into all funds, accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2005 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2005 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 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 2005 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

"Authorized Officers" 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 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 2005 A 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 2005 A Bonds for all or a portion of the proceeds of the Series 2005 A 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 Consulting Engineers, Inc., Eastlake, 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 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

"Governing Body" 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" means any and all grants received by the Issuer for the payment of a portion of the costs of acquiring and constructing the Project.

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

"Issuer" means 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.

"Loan Agreement" means the loan agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2005 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2005 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A 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 2005 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds and Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or the registrar for Prior Bonds at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid in accordance with the resolution authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior 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 2005 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original aggregate principal amount of $2,830,000; and (ii) its Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program) dated July 7, 2000, dated July 7, 2000, issued in the original aggregate principal amount of $718,500.

"Prior Ordinances" means, collectively, the ordinances of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government

Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"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 created by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 2005 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2005 A Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances 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 Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), described in Section 1.02G hereof.

"Series 2005 A Bonds" means Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2005 A Bonds Construction Trust Fund" means the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2005 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan 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 2005 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2005 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means, collectively, the complete existing public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

"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 ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $9,850,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $9,850,000, of which not to exceed $5,000,000 will be obtained from proceeds of the Series 2005 A Bonds, approximately $350,000 will be obtained from a Small Cities Block Grant, and not to exceed $4,500,000 will be obtained from a State and Tribal Assistance Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 A Bonds, funding the Series 2005 A Bonds Reserve Account, 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 2005 A Bonds of the Issuer. The Series 2005 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program)", in the principal amount of not more than $5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after funding of the Series 2005 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2005 A Bonds, if any, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2005 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2005 A 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 2005 A 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 2005 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2005 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

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

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

Section 3.03. Execution of Bonds. The Series 2005 A 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 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 2005 A 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 2005 A 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 2005 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2005 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2005 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2005 A Bonds.

The registered Series 2005 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2005 A Bonds or transferring the registered Series 2005 A Bonds are exercised, all Series 2005 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2005 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2005 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2005 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2005 A Bonds or, in the case of any proposed redemption of Series 2005 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2005 A 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, register 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 2005 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein

provided. No Holder or Holders of the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2005 A Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of 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 2005 A 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 2005 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2005 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2005 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2005 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2005 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ___ day of _____, 2005, 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, 20__, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on Exhibit B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement (the "Loan Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The 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"), a Bond Ordinance duly enacted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (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 (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994, DATED JULY 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,830,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), DATED JULY 7, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $718,500 (COLLECTIVELY, 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 monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2005 A 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, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by

a lien on or payable from such revenues on a parity with the Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 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 the day and year first written above.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2005 A 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 or 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. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(3) Series 2005 A Bonds Construction Trust Fund.

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

(1) Series 2005 A Bonds Sinking Fund; and

(2) Series 2005 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and 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 in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, the amount required by the Prior Ordinances to pay 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 and Series 2000 Bonds Sinking Fund, the amounts required by the Prior Ordinances to pay the principal of the Series 1994 Bonds and Series 2000 Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month, pay the current Operating Expenses of the System.

(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 and Series 2000 Bonds Reserve Account, the amounts required by the Prior Ordinances to be deposited therein, and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, so long as the Series 2005 A Bonds and the Prior Bonds are outstanding, 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 deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2005 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2005 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2005 A Bonds Reserve Account which result in a reduction in the balance of the Series 2005 A Bonds Reserve Account to below the Series 2005 A 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 Series 2005 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund or into the Series 2005 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal

amount of the Series 2005 A 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 2005 A Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund and the Series 2005 A 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 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund, including the Series 2005 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2005 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period

as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

H. All remittances made by the Issuer to the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2005 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2005 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 A Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Series 2005 A Bonds Construction Trust 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 2005 A Bonds will be expended and the disbursement procedures of 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 Series 2005 A Bonds Construction Trust Fund shall be made only after submission to, and approved 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 Loan Agreement, in compliance with the construction schedule; and

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

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

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

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

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

Pending such application, monies in the Series 2005 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2005 A 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 2005 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A 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. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2005 A 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 Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted September 17, 2002, as amended by the water rate ordinance enacted April 1, 2003, and the sewer rate ordinance enacted March 15, 2005.

So long as the Series 2005 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take

all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2005 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2005 A 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 A Bonds, immediately be remitted to the Commission for deposit in the Series 2005 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2005 A Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and the interest , if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing 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 in

accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2005 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2005 A Bonds and the interest, if any, 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 the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System or refunding any outstanding Bonds, 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 reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this 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 the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the 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. Bonds issued on a parity, 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 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 lien of the Series 2005 A 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 2005 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the 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 acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance 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 Governing Body. 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 Authority and the DEP, or any other original purchaser of the Series 2005 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2005 A Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 2005 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2005 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, 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. Prior to the issuance of the Series 2005 A Bonds, 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any

year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services of the System 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 DEP and the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP and to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the DEP and 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 and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or

authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. 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 the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

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

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2005 A Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.19. 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 2005 A 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 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 A 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 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A 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 2005 A 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 2005 A 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 the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2005 A 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 Series 2005 A 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 2005 A 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 2005 A 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 7.20. 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 7.21. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2005 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect upon the delivery of the Series 2005 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2005 A Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2005 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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, 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 2005 A Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2005 A Bonds as a condition to issuance of the Series 2005 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as may be necessary in order to maintain the status of the Series 2005 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series

2005 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2005 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2005 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, 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 Ordinances.

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 2005 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project

and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2005 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2005 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 A 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 2005 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2005 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2005 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2005 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this 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 2005 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinances, 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 Ordinances, the Prior Ordinances 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 the 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 2005 A 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:	-	November 1, 2005
Passed on Second Reading:	-	November 15, 2005
Passed on Final Reading Following Public Hearing:	-	December 6, 2005

Mayor

City Manager

Approved and Correct As to Form:

City Attorney

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of Grafton on the 6th day of December, 2005.

Dated: December 19, 2005.

[SEAL]

City Clerk

12/07/05
345720.00002

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(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 REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF GRAFTON; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of Grafton (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective December 6, 2005 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF 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 THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE

BONDS SERIES 2005 A (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.

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 Revenue Bonds, Series 2005 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $5,000,000 (the "Bonds" or "Series 2005 A Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department 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 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, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates 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 2005 A (West Virginia SRF Program) of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $4,227,582. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2038, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2008, in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to .5% of the principal amount of the Series 2005 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

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 authorize, approve, ratify 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, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan 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 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance 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 the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint and designate First Community Bank of Grafton, Grafton, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2005 A Bonds proceeds in the amount of $ 140,920 shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2005 A Bonds shall be deposited in or credited to the Series 2005 A Bond Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 19, 2005, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies 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 monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account 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 13th day of December, 2005.

By: _____
Its: Mayor

By: _____
Its: City Manager

Approved as to Form and Correctness:

By: _____
Its: City Attorney

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Grafton on the 13th day of December, 2005.

Dated: December 19, 2005.

[SEAL]

City Clerk

12/12/05
345720.00002

SRF-BPA-1
(11/01/04)

BOND PURCHASE AGREEMENT

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

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, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities

as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. 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 acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

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 or such later date as is agreed to in writing by DEP.

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 notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority

should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, 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 or such later date as is agreed to in writing by DEP 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

By: _____
Its: Mayor
Date: December 6, 2005

(SEAL)

Attest:

_____
Its: Recorder

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

By: _____
Its: Director
Date: Dec. 9, 2005

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: December 8, 2005

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

set forth in Schedule attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the 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 the 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)) - Effective October 1, 2003, the Local Government that receives $500,000 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 Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$4,227,582
Purchase Price of Local Bonds	$4,227,582

The Local Bonds shall bear no interest. Commencing June 1, 2008, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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: (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original principal amount of $2,830,000; and (ii) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated July 7, 2000, issued in the original principal amount of $718,500.

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	35,230.00	-	35,230.00
09/01/2008	35,230.00	-	35,230.00
12/01/2008	35,230.00	-	35,230.00
03/01/2009	35,230.00	-	35,230.00
06/01/2009	35,230.00	-	35,230.00
09/01/2009	35,230.00	-	35,230.00
12/01/2009	35,230.00	-	35,230.00
03/01/2010	35,230.00	-	35,230.00
06/01/2010	35,230.00	-	35,230.00
09/01/2010	35,230.00	-	35,230.00
12/01/2010	35,230.00	-	35,230.00
03/01/2011	35,230.00	-	35,230.00
06/01/2011	35,230.00	-	35,230.00
09/01/2011	35,230.00	-	35,230.00
12/01/2011	35,230.00	-	35,230.00
03/01/2012	35,230.00	-	35,230.00
06/01/2012	35,230.00	-	35,230.00
09/01/2012	35,230.00	-	35,230.00
12/01/2012	35,230.00	-	35,230.00
03/01/2013	35,230.00	-	35,230.00
06/01/2013	35,230.00	-	35,230.00
09/01/2013	35,230.00	-	35,230.00
12/01/2013	35,230.00	-	35,230.00
03/01/2014	35,230.00	-	35,230.00
06/01/2014	35,230.00	-	35,230.00
09/01/2014	35,230.00	-	35,230.00
12/01/2014	35,230.00	-	35,230.00
03/01/2015	35,230.00	-	35,230.00
06/01/2015	35,230.00	-	35,230.00
09/01/2015	35,230.00	-	35,230.00
12/01/2015	35,230.00	-	35,230.00
03/01/2016	35,230.00	-	35,230.00
06/01/2016	35,230.00	-	35,230.00
09/01/2016	35,230.00	-	35,230.00
12/01/2016	35,230.00	-	35,230.00

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2017	35,230.00	-	35,230.00
06/01/2017	35,230.00	-	35,230.00
09/01/2017	35,230.00	-	35,230.00
12/01/2017	35,230.00	-	35,230.00
03/01/2018	35,230.00	-	35,230.00
06/01/2018	35,230.00	-	35,230.00
09/01/2018	35,230.00	-	35,230.00
12/01/2018	35,230.00	-	35,230.00
03/01/2019	35,230.00	-	35,230.00
06/01/2019	35,230.00	-	35,230.00
09/01/2019	35,230.00	-	35,230.00
12/01/2019	35,230.00	-	35,230.00
03/01/2020	35,230.00	-	35,230.00
06/01/2020	35,230.00	-	35,230.00
09/01/2020	35,230.00	-	35,230.00
12/01/2020	35,230.00	-	35,230.00
03/01/2021	35,230.00	-	35,230.00
06/01/2021	35,230.00	-	35,230.00
09/01/2021	35,230.00	-	35,230.00
12/01/2021	35,230.00	-	35,230.00
03/01/2022	35,230.00	-	35,230.00
06/01/2022	35,230.00	-	35,230.00
09/01/2022	35,230.00	-	35,230.00
12/01/2022	35,230.00	-	35,230.00
03/01/2023	35,230.00	-	35,230.00
06/01/2023	35,230.00	-	35,230.00
09/01/2023	35,230.00	-	35,230.00
12/01/2023	35,230.00	-	35,230.00
03/01/2024	35,230.00	-	35,230.00
06/01/2024	35,230.00	-	35,230.00
09/01/2024	35,230.00	-	35,230.00
12/01/2024	35,230.00	-	35,230.00
03/01/2025	35,230.00	-	35,230.00
06/01/2025	35,230.00	-	35,230.00
09/01/2025	35,230.00	-	35,230.00
12/01/2025	35,230.00	-	35,230.00
03/01/2026	35,230.00	-	35,230.00
06/01/2026	35,230.00	-	35,230.00
09/01/2026	35,230.00	-	35,230.00
12/01/2026	35,230.00	-	35,230.00
03/01/2027	35,230.00	-	35,230.00
06/01/2027	35,230.00	-	35,230.00
09/01/2027	35,230.00	-	35,230.00
12/01/2027	35,230.00	-	35,230.00

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2028	35,230.00	-	35,230.00
06/01/2028	35,230.00	-	35,230.00
09/01/2028	35,230.00	-	35,230.00
12/01/2028	35,230.00	-	35,230.00
03/01/2029	35,230.00	-	35,230.00
06/01/2029	35,230.00	-	35,230.00
09/01/2029	35,230.00	-	35,230.00
12/01/2029	35,230.00	-	35,230.00
03/01/2030	35,230.00	-	35,230.00
06/01/2030	35,230.00	-	35,230.00
09/01/2030	35,230.00	-	35,230.00
12/01/2030	35,230.00	-	35,230.00
03/01/2031	35,230.00	-	35,230.00
06/01/2031	35,230.00	-	35,230.00
09/01/2031	35,230.00	-	35,230.00
12/01/2031	35,230.00	-	35,230.00
03/01/2032	35,230.00	-	35,230.00
06/01/2032	35,230.00	-	35,230.00
09/01/2032	35,230.00	-	35,230.00
12/01/2032	35,230.00	-	35,230.00
03/01/2033	35,230.00	-	35,230.00
06/01/2033	35,230.00	-	35,230.00
09/01/2033	35,230.00	-	35,230.00
12/01/2033	35,229.00	-	35,229.00
03/01/2034	35,229.00	-	35,229.00
06/01/2034	35,229.00	-	35,229.00
09/01/2034	35,229.00	-	35,229.00
12/01/2034	35,229.00	-	35,229.00
03/01/2035	35,229.00	-	35,229.00
06/01/2035	35,229.00	-	35,229.00
09/01/2035	35,229.00	-	35,229.00
12/01/2035	35,229.00	-	35,229.00
03/01/2036	35,229.00	-	35,229.00
06/01/2036	35,229.00	-	35,229.00
09/01/2036	35,229.00	-	35,229.00
12/01/2036	35,229.00	-	35,229.00
03/01/2037	35,229.00	-	35,229.00
06/01/2037	35,229.00	-	35,229.00
09/01/2037	35,229.00	-	35,229.00
12/01/2037	35,229.00	-	35,229.00
03/01/2038	35,229.00	-	35,229.00
Total	**$4,227,582.00**	-	**$4,227,582.00** *

*Plus $2,664.25 one-half percent administrative fee paid quarterly. Total fee over life of loan is $319,710.20.

050420alj081905.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 19, 2005

FINAL
9-8-05

CASE NO. 05-0420-S-CN

CITY OF GRAFTON,
Grafton, Taylor County.
Application for a certificate of convenience and necessity to construct and improve wastewater treatment plants at different locations in the City of Grafton, Taylor County.

RECOMMENDED DECISION

On March 29, 2005, the City of Grafton (City) filed an application for a certificate of convenience and necessity to construct certain additions and improvements to its wastewater collection and treatment facilities. Specifics of the proposed projects are as follows, to-wit:

(1) Wastewater treatment facility: to construct or install a mechanical bar screen and vortex grit removal; new diffusers in the aeration tank; one new secondary clarifier; additional chlorination tank and sodium bisulphate dechlorination; conversion of the existing primary clarifier to aerobic sludge digestion tank; conversion of the existing sludge thickener tank to a sludge holding tank; new centrifuge sludge dewatering equipment; new bio-filter odor control; and all necessary valves, pumps, yard piping and other appurtenances;

(2) Berkeley Run Pump Station: To install two (2) 3,700 G.P.M. storm water pumps; three (3) 650 G.P.M. sewage pumps; chlorination equipment; new emergency generator; and all necessary piping, valves, electrical controls and appurtenances;

(3) Fannie Street: To install approximately 1,745 linear feet (LF) of 8" sewer line and necessary manholes, laterals and cleanouts. Existing sewers to be utilized for storm water;

(4) East Knotts and Lincoln/Monroe: To install approximately 3,185 LF of 8" sewer line; 575 LF of 12" sewer line; and necessary manholes, laterals and cleanouts;

(5) Maintenance/Garage Building: To construct one (1) 77 feet x 41 feet masonry building and all necessary electrical, plumbing, furniture, lift equipment and appurtenances;

(6) Front Street: To install HDPE (High Density Polyethylene) lining in approximately 1,500 feet of 12" sanitary sewer line and necessary manholes; and

(7) Grand Street and Maple Avenue: To conduct cleaning and televising of approximately 8,343 feet of 8", 12", 15", 21" and 24" sanitary sewer main.

The City estimated that construction of the seven (7) proposed projects would cost approximately $4,708,000, with the total project cost estimated at $5,813,075. Proposed financing for the construction was as follows, to-wit:

(1) A Federal, State and Tribal Assistance Grant (STAG) in the amount of $2,906,943; and

(2) A West Virginia Department of Environmental Protection State Revolving Fund Loan (WVDEP SRF Loan) in the amount of $2,906,132.

The District proposed a 35% increase in its residential and commercial rates and an approximate increase of 36% in its industrial rates. The District has no resale customers. The proposed increased rates and charges will produce approximately $229,982 annually in additional revenue, an increase of 35.27%. A Rule 42 Exhibit for the year ended June 30, 2003, prepared by Randall E. Vernon, Accountant, was attached to the certificate application as Exhibit No. 1.

By Order dated March 30, 2005, the City was required to give notice of the filing of its certificate application, by publishing a copy of said Order, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Taylor County, making due return to the Commission of proper certificate of publication immediately after publication. The notice directed that anyone desiring to protest or intervene must file a written protest or notice of intervention within thirty (30) days after publication of said notice. The notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application based upon the evidence submitted in the application and the Commission's review thereof.

On April 15, 2005, Staff Attorney Cassius H. Toon filed an Initial Joint Staff Memorandum, to which was attached an Initial Internal Memorandum, dated April 12, 2005, prepared by Joe Marakovits, Technical Analyst III, Engineering Division, and Steve Wilson, Utilities Analyst II, Water and Wastewater Division. Commission Staff reported that they were reviewing all financial and engineering information submitted by the City and would file a final recommendation within the Commission-established time guidelines for case processing. In the interim,

Public Service Commission
of West Virginia
Charleston

referral of this matter to the Division of Administrative Law Judges was recommended.

By Order dated May 5, 2005, the Commission referred this matter to the Division of Administrative Law Judges for further disposition. The assigned Administrative Law Judge was ordered to render a decision within fifteen (15) days of receipt of Staff's Final Memorandum, if: (1) no protests were filed in response to the published Notice of Filing Order and (2) Staff recommended approval of the application without substantial condition. Otherwise, the assigned Administrative Law Judge was ordered to render a decision on or before October 25, 2005.

On May 16, 2005, the City filed an affidavit of publication reflecting that, in compliance with the Commission's March 30, 2005 Order, the Notice of Filing was published in The Mountain Statesman, on April 18, 2005, a newspaper duly qualified by the Secretary of State, published and of general circulation in Taylor County, West Virginia. No protests were received to the application within the thirty-day protest period, which expired on May 18, 2005, or as of the date of this Order.

On August 9, 2005, Mr. Toon filed a Final Joint Staff Memorandum, to which was attached a Final Internal Memorandum, dated July 19, 2005, prepared by Messrs. Marakovits and Wilson. A summary of the construction cost for each individual project, which Commission Staff deemed reasonable, is as follows, to-wit:

Wastewater Treatment Plant Improvements	-	$2,329,000
Garage and Maintenance Building	-	371,000
Berkeley Run Pump Station Improvements	-	566,400
Front Street	-	154,000
East Knotts & Lincoln/Monroe Sewer	-	328,000
Fannie Extended Sanitary Sewer	-	785,000
Grant Street and Maple Avenue Sewer	-	175,000
Total Construction Cost	-	$4,708,400

The total project cost of $5,813,075 calculates to $2,374 per customer, which, according to Commission Staff, is reasonable for a sewer project.

According to the original engineering design report submitted in Case No. 02-0453-S-CN (Final by Commission Order dated December 4, 2002), improvements to the City's existing sewer/storm water system and treatment facilities were mandated by the West Virginia Division of Environmental Protection (WVDEP) through its WV/NPDES Permit No. WV0021822, issued on February 22, 2002, and a Consent Decree entered in the Circuit Court of Taylor County, on October 19, 2000, in Civil Action 97-C-65. Mr. Marakovits explained that the City is discharging combined storm water and sewage from several combined sewer overflows and needs to minimize or eliminate those discharges. The purpose of the City's proposed projects is to separate the storm water drainage from the sanitary sewers in several locations in the City. The completion of the City's Combined Sewer Overflow Final Plan will allow the City to be in

Public Service Commission
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compliance with its NPDES permit and the mandates of the Federal Clean Water Act. The plans and specifications for the original project were approved by the WVDEP on December 20, 2004; however, a DEP NPDES Permit Modification allowing for construction of the various projects under consideration in this proceeding has not, as yet, been entered. The Engineering Division's review of the plans and specifications for the various projects at issue herein did not reveal any conflicts with the Commission's Rules and Regulations for the Government of Sewer Utilities (Sewer Rules). It was also noted that, during construction of the various projects, the City's contractor will be responsible for the reconnection of existing customers. Finally, Mr. Marakovits noted that the project engineers, GGJ, Inc., had informed him that operation and maintenance (O&M) expenses were expected to increase approximately $13,302 as a result of the modifications to the treatment facility. This increase includes power cost only and appeared to be reasonable.

Mr. Wilson explained that the City proposed to finance the various projects mentioned herein through a STAG grant of $3,197,191 and a WVDEP State Revolving Fund (WVDEP SRF) loan of $2,615,884. The terms of the loan will be 0% interest over 30 years with a .5% administrative fee. The administrative fee will amount to an annual expense of $13,515. Staff treated the fee as an increase in the O&M expenses and removed it from miscellaneous income deductions. Miscellaneous income deductions of $1,876 reflect the same amount that was reported for the end of the fiscal year. The debt service reserve for the loan will be prefunded by the City. The prefunding amount will be $87,196 ($2,615,884 divided by 30 years). The total loan amount is $2,703,080 derived from adding $2,615,884 and the debt service reserve $87,196. The resulting annual loan payment will be $90,103 which is $2,703,080 over the 30-year period. The SRF loan also requires the funding of the renewal and replacement reserve in the amount of 2.5% of the annual operating revenues, which Staff has allowed for in its cash flow analysis attached to the Final Internal Memorandum as Attachment 2. The STAG and SRF funding commitments were filed with the City's application. In addition to the annual SRF administrative fee of $13,515, Staff increased the annual operation and maintenance expenses by the power cost increase of $13,302. Staff's cash flow analysis shows an increase of $26,817 in O&M expenses above the pro forma amount which consists of these two items. The City's pro forma cash flow had used an amount of $96,871 for payments on the proposed loan from DEP. Staff adjusted this amount to the previously mentioned amount of $90,103.

Based on the operating revenue generated by the proposed rates, the City would have a cash flow surplus of $19,140 and a debt service coverage of 135.45%. This debt service ratio would be sufficient to cover the requirements of the lender, which are not specified but would not exceed 120.00%. The City has already passed a rate ordinance, effective on and after April 29, 2005, and those rates are reflected in Attachment 3 to the Final Internal Memorandum. The Staff-recommended rates, as reflected in Attachment 4 to the Final Internal Memorandum, are the same as those shown in Attachment 3, but contain wording changes and

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Charleston

an increase in the returned check charge and the inclusion of a storm water surcharge which the City should implement at the time of its next rate ordinance. Barring any change in the financial information contained in the Cash Flow Analysis, the City's newly adopted rates will support the proposed sewer improvement projects at issue herein.

Commission Staff concluded by recommending the following, to-wit:

1. The City's application for a certificate of convenience and necessity to construct certain additions and wastewater system improvements in the amount of $5,813,075, be approved contingent upon receipt of all outstanding permits;

2. The project funding, consisting of a State and Tribal Assistance Grant in the amount of $3,197,191 and a loan from the West Virginia DEP State Revolving Fund in the amount of $2,615,884 payable over thirty (30) years at 0% interest with a 0.5% administrative fee, be approved. When the prefunding of the debt service reserve is included, the total loan amount becomes $2,703,080;

3. If there is any change in the plans and/or scope of the project or where a change in financing affects rates, the City reopen this case for adjustments and approval;

4. If there is a change in project cost that does not affect rates, the City be required to file an affidavit signed by its CPA verifying that rates are not affected; and

5. The City adopt the changes reflected in the Staff-recommended tariff in its next rate ordinance, including the increase in the returned check charge and the new storm water surcharge.

By letter dated August 9, 2005, the Staff recommendation was served upon the City by the Commission's Executive Secretary and the City was given ten (10) days in which to respond thereto, in writing.

On August 18, 2005, the City, by its counsel, filed a letter stating that it had no objection to the recommendations contained in Commission Staff's Final Joint Staff Memorandum filed herein on August 9, 2005.

DISCUSSION

Based upon a review of the City's application, as well as Staff's recommendations, it is clear that the proposed projects are needed in order to bring the City into compliance with its WV/NPDES Permit No. WV0021822, issued on February 22, 2002, and the Consent Decree entered in the Taylor County Circuit Court, in Civil Action 97-C-65, on October 19,

2000. The completion of the projects will allow the City to achieve compliance with its NPDES Permit and the mandates of the Federal Clear Water Act and will also provide additional capacity and better treatment efficiency at the City's treatment facility.

FINDINGS OF FACT

1. On March 29, 2005, the City of Grafton filed an application for a certificate of convenience and necessity to construct certain enumerated additions and improvements to its wastewater collection and treatment facilities. (See, March 29, 2005 filing).

2. The total estimated project cost of $5,813,075 is to be funded by a Federal STAG grant totaling $3,197,191 and a WVDEPSRF loan of $2,615,884. (See, March 29, 2005 filing).

3. The City passed a rate ordinance on March 15, 2005, which provides for an approximate 35% increase in its residential and commercial rates and an approximate increase of 36% in its industrial rates. (See, March 29, 2005 filing).

4. The City filed an affidavit of publication reflecting that the Notice of Filing of the certificate application was published in The Mountain Statesman, on April 18, 2005, a newspaper duly qualified by the Secretary of State, published and of general circulation in Taylor County, West Virginia, in compliance with the Commission's March 30, 2005 Order. (See, Affidavit of Publication filed May 16, 2005).

5. No protests or objections were filed to the City's certificate application within the thirty-day response period, which expired on May 18, 2005, or as of the date of this Order. (See, case file generally).

6. The City's current rates will result in a cash flow surplus of $19,140 and a debt service coverage of 135.45%. (See, Final Joint Staff Memorandum and attachment filed August 9, 2005).

7. Currently, the City is discharging combined stormwater and sewage from several combined overflows and it needs to minimize or eliminate these discharges to comply with its NPDES permit and the mandates of the Federal Clean Water Act. Additionally, improvements to the City's combined sewer/stormwater system were mandated by a Consent Decree entered in the Taylor County Circuit Court on October 19, 2000, in Civil Action 97-C-65. (See, Final Joint Staff Memorandum and Attachment filed August 9, 2005).

8. Commission Staff is of the opinion that the City's proposed project is necessary for the City to achieve compliance with its NPDES Permit issued on February 22, 2002; the Consent Decree entered in the Taylor County Circuit Court in Civil Action 97-C-65 on October 19, 2000;

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Charleston

and the mandates of the Federal Clear Water Act. (See, Final Joint Staff Memorandum and attachment filed August 9, 2005).

9. Commission Staff is of the opinion that the City's proposed project is financially feasible and should be approved. (See, Final Joint Staff Memorandum and attachment filed August 9, 2005).

10. The City had no objections to the recommendations of Commission Staff contained in the Final Joint Staff Memorandum filed herein on August 9, 2005. (See, August 9, 2005 Executive Secretary's letter; August 18, 2005 letter from counsel for the City).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the City of Grafton to construct certain additions and improvements to its wastewater collection and treatment facilities as are more particularly set forth and described in the certificate application filed herein on March 29, 2005, subject to the receipt of a DEP NPDES Permit Modification allowing construction of said projects and any other needed outstanding state or federal permit.

2. It is reasonable to approved the financing of the project certificated herein, which consists of a Federal STAG grant totaling $3,197,191 and a WVDEPSRF loan of $2,615,884.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on March 29, 2005, by the City of Grafton for a certificate of convenience and necessity to construct certain additions and improvements to its wastewater collection and treatment facilities and as is more particularly set forth and described in said certificate application, be, and hereby is, granted, without need for a formal hearing.

IT IS FURTHER ORDERED that the financing of the project, consisting of a Federal State and Tribal Assistance grant totaling $3,197,191 and a WVDEPSRF loan of $2,615,884 be, and hereby is, approved.

IT IS FURTHER ORDERED that the City of Grafton be, and hereby is, directed to submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the City of Grafton be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that, if there are any changes in the plans and/or scope of the project or if a change in financing affects rates,

Public Service Commission
of West Virginia

the City of Grafton shall obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in the project costs that do not affect rates, the City of Grafton shall file herein an affidavit duly executed by its accountant verifying that the City's rates and charges are not affected.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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

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

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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

John P. Carter

John P. Carter
Administrative Law Judge

JPC:mal:pst
050420a.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Director

Katy.Mallory@verizon.net

December 7, 2005

The Honorable Jeffrey Tansill
Mayor, City of Grafton
1 West Main Street
Grafton, West Virginia 26354

Re: City of Grafton
Sewer Project 2003S-782

Dear Mayor Tansill:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Grafton's (the "City") revised preliminary application regarding its proposed project to separate sewer, Berkeley Run Pump Station upgrades, garage/maintenance building construction and wastewater treatment plant improvements (the "Project").

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the City utilize a $3,647,100 State Tribal Assistance Grant, a $105,774 Clean Water State Revolving Fund design loan, pursue a $4,227,582 Clean Water State Revolving Fund loan and a $452,663 Small Cities Block Grant to fund this $8,433,119 project. Please contact the WV Department of Environmental Protection at 926-0495 and the WV Development Office at 558-4010 for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Mark Prince

cc: Mike Johnson, DEP
Tracey Rowan, WVDO
Region VI Planning & Development Council
William Boyle, P.E., GGJ, Inc.

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 19 th day of December, 2005, 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 date hereof, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), of the Issuer, in the principal amount of $4,227,582, numbered AR-1, issued as a single, fully registered Bond, and dated December 19, 2005 (the "Series 2005 A Bonds").

2. At the time of such receipt, the Series 2005 A 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 Series 2005 A Bonds.

3. The Issuer hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 A Bonds, of the sum of $211,380 being a portion of the principal amount of the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

CITY OF GRAFTON

By: _____
Its: Mayor

12/7/05
345720.00002

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 19th day of December, 2005, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Grafton Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), in the principal amount of $4,227,582, dated December 19, 2005 (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 December 6, 2005, and a Supplemental Resolution duly adopted by the Issuer on December 13, 2005 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 2005 A Bonds, dated December 8, 2005 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection; and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan 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 $ 211,380, 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.

Dated as of the date first written above.

CITY OF GRAFTON

By: _____
Its: Mayor

12/12/05
345720.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF GRAFTON
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $4,227,582

KNOW ALL MEN BY THESE PRESENTS: That on this the 19th day of December, 2005, 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 FOUR MILLION TWO HUNDRED TWENTY SEVEN THOUSAND FIVE HUNDRED EIGHTY TWO DOLLARS ($4,227,582), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2008, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2008, as set forth on Exhibit B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement (the "Loan Agreement") by and among the Issuer, the Authority and the DEP, dated December 8, 2005.

SPECIMEN

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks sewerage system of the Issuer (the "Project"); (ii) to fund the Series 2005 A Bonds Reserve Account (hereinafter defined); 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"), a Bond Ordinance duly enacted by the Issuer on December 6, 2005, and a Supplemental Resolution duly adopted by the Issuer on December 13, 2005 (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 (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994, DATED JULY 27, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,830,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), DATED JULY 7, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $718,500 (COLLECTIVELY, 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 monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2005 A 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, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and

SPECIMEN

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; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 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.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 19, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

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 the date first written above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM AND CORRECTNESS:

City Attorney

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 19, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

SPECIMEN

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 211,380	12/19/05	(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

SPECIMEN

DEBT SERVICE SCHEDULE

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

SPECIMEN

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	35,230.00	-	35,230.00
09/01/2008	35,230.00	-	35,230.00
12/01/2008	35,230.00	-	35,230.00
03/01/2009	35,230.00	-	35,230.00
06/01/2009	35,230.00	-	35,230.00
09/01/2009	35,230.00	-	35,230.00
12/01/2009	35,230.00	-	35,230.00
03/01/2010	35,230.00	-	35,230.00
06/01/2010	35,230.00	-	35,230.00
09/01/2010	35,230.00	-	35,230.00
12/01/2010	35,230.00	-	35,230.00
03/01/2011	35,230.00	-	35,230.00
06/01/2011	35,230.00	-	35,230.00
09/01/2011	35,230.00	-	35,230.00
12/01/2011	35,230.00	-	35,230.00
03/01/2012	35,230.00	-	35,230.00
06/01/2012	35,230.00	-	35,230.00
09/01/2012	35,230.00	-	35,230.00
12/01/2012	35,230.00	-	35,230.00
03/01/2013	35,230.00	-	35,230.00
06/01/2013	35,230.00	-	35,230.00
09/01/2013	35,230.00	-	35,230.00
12/01/2013	35,230.00	-	35,230.00
03/01/2014	35,230.00	-	35,230.00
06/01/2014	35,230.00	-	35,230.00
09/01/2014	35,230.00	-	35,230.00
12/01/2014	35,230.00	-	35,230.00
03/01/2015	35,230.00	-	35,230.00
06/01/2015	35,230.00	-	35,230.00
09/01/2015	35,230.00	-	35,230.00
12/01/2015	35,230.00	-	35,230.00
03/01/2016	35,230.00	-	35,230.00
06/01/2016	35,230.00	-	35,230.00
09/01/2016	35,230.00	-	35,230.00
12/01/2016	35,230.00	-	35,230.00

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2017	35,230.00	-	35,230.00
06/01/2017	35,230.00	-	35,230.00
09/01/2017	35,230.00	-	35,230.00
12/01/2017	35,230.00	-	35,230.00
03/01/2018	35,230.00	-	35,230.00
06/01/2018	35,230.00	-	35,230.00
09/01/2018	35,230.00	-	35,230.00
12/01/2018	35,230.00	-	35,230.00
03/01/2019	35,230.00	-	35,230.00
06/01/2019	35,230.00	-	35,230.00
09/01/2019	35,230.00	-	35,230.00
12/01/2019	35,230.00	-	35,230.00
03/01/2020	35,230.00	-	35,230.00
06/01/2020	35,230.00	-	35,230.00
09/01/2020	35,230.00	-	35,230.00
12/01/2020	35,230.00	-	35,230.00
03/01/2021	35,230.00	-	35,230.00
06/01/2021	35,230.00	-	35,230.00
09/01/2021	35,230.00	-	35,230.00
12/01/2021	35,230.00	-	35,230.00
03/01/2022	35,230.00	-	35,230.00
06/01/2022	35,230.00	-	35,230.00
09/01/2022	35,230.00	-	35,230.00
12/01/2022	35,230.00	-	35,230.00
03/01/2023	35,230.00	-	35,230.00
06/01/2023	35,230.00	-	35,230.00
09/01/2023	35,230.00	-	35,230.00
12/01/2023	35,230.00	-	35,230.00
03/01/2024	35,230.00	-	35,230.00
06/01/2024	35,230.00	-	35,230.00
09/01/2024	35,230.00	-	35,230.00
12/01/2024	35,230.00	-	35,230.00
03/01/2025	35,230.00	-	35,230.00
06/01/2025	35,230.00	-	35,230.00
09/01/2025	35,230.00	-	35,230.00
12/01/2025	35,230.00	-	35,230.00
03/01/2026	35,230.00	-	35,230.00
06/01/2026	35,230.00	-	35,230.00
09/01/2026	35,230.00	-	35,230.00
12/01/2026	35,230.00	-	35,230.00
03/01/2027	35,230.00	-	35,230.00
06/01/2027	35,230.00	-	35,230.00
09/01/2027	35,230.00	-	35,230.00
12/01/2027	35,230.00	-	35,230.00

$4,227,582

City of Grafton

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

Closing Date: December 19, 2005

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2028	35,230.00	-	35,230.00
06/01/2028	35,230.00	-	35,230.00
09/01/2028	35,230.00	-	35,230.00
12/01/2028	35,230.00	-	35,230.00
03/01/2029	35,230.00	-	35,230.00
06/01/2029	35,230.00	-	35,230.00
09/01/2029	35,230.00	-	35,230.00
12/01/2029	35,230.00	-	35,230.00
03/01/2030	35,230.00	-	35,230.00
06/01/2030	35,230.00	-	35,230.00
09/01/2030	35,230.00	-	35,230.00
12/01/2030	35,230.00	-	35,230.00
03/01/2031	35,230.00	-	35,230.00
06/01/2031	35,230.00	-	35,230.00
09/01/2031	35,230.00	-	35,230.00
12/01/2031	35,230.00	-	35,230.00
03/01/2032	35,230.00	-	35,230.00
06/01/2032	35,230.00	-	35,230.00
09/01/2032	35,230.00	-	35,230.00
12/01/2032	35,230.00	-	35,230.00
03/01/2033	35,230.00	-	35,230.00
06/01/2033	35,230.00	-	35,230.00
09/01/2033	35,230.00	-	35,230.00
12/01/2033	35,229.00	-	35,229.00
03/01/2034	35,229.00	-	35,229.00
06/01/2034	35,229.00	-	35,229.00
09/01/2034	35,229.00	-	35,229.00
12/01/2034	35,229.00	-	35,229.00
03/01/2035	35,229.00	-	35,229.00
06/01/2035	35,229.00	-	35,229.00
09/01/2035	35,229.00	-	35,229.00
12/01/2035	35,229.00	-	35,229.00
03/01/2036	35,229.00	-	35,229.00
06/01/2036	35,229.00	-	35,229.00
09/01/2036	35,229.00	-	35,229.00
12/01/2036	35,229.00	-	35,229.00
03/01/2037	35,229.00	-	35,229.00
06/01/2037	35,229.00	-	35,229.00
09/01/2037	35,229.00	-	35,229.00
12/01/2037	35,229.00	-	35,229.00
03/01/2038	35,229.00	-	35,229.00
Total	**$4,227,582.00**	-	**$4,227,582.00** *

*Plus $2,664.25 one-half percent administrative fee paid quarterly. Total fee over life of loan is $319,710.20.

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:

_____

12/12/05
345720.00002

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, Sixth Floor
P.O. Box 2190
Clarksburg, WV 26302-2190
(304) 624-8000 (304) 624-8183 Fax
www.steptoe-johnson.com

Writer's Contact Information

December 19, 2005

City of Grafton
Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

City of Grafton
Grafton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by 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 $4,227,582 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 8, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2008, and maturing March 1, 2038, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to .5% of the principal amount of the Bonds as set forth in the "Schedule Y" attached to the Loan Agreement.

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 acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

TERRALEX

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on December 6, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 13, 2005 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the 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 in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original aggregate principal amount of $2,830,000, and Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated July 7, 2000, issued in the original aggregate principal amount of $718,500, 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 gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

Steptoe & Johnson PLLC

STEPTOE & JOHNSON PLLC

12/12/05
345720.00002

Mullens & McGuire, PLLC

5 North Main Street
P. O. Box 95
Philippi, WV 26416

304-457-9000
304-265-9000
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Attorneys at Law

Hunter B. Mullens, Esq.
Catherine A. McGuire, Esq.*
Leonard T. Kelley, Esq., Of Counsel**

December 19, 2005

City of Grafton
Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

City of Grafton
1 West Main Street
Grafton, West Virginia

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

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, West Virginia 25301

Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, West Virginia 25326

Ladies and Gentlemen:

We are special project counsel to the City of Grafton in Taylor County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Bonds, dated December 8, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), a Bond Ordinance duly enacted by the Issuer on December 6, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 13, 2005 (collectively, the "Bond Legislation") and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

* *also licensed in Virginia*
** *also licensed in Alaska*

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

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

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan 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 by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia. The Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance on March 15, 2005, setting forth the sewer rates and charges for the System, and the entry of a Commission Order dated August 19, 2003, by the Public Service Commission of West Virginia, in Case No. 03-0311-W-MA, approving use of the water rate ordinance enacted by the Issuer on September 17, 2002, as amended by the ordinance enacted by the Issuer on April 1, 2003. The time for appeal of the sewer rate ordinance, the water rate ordinance, and the Commission Order has expired prior to the date hereof, without successful appeal, and remain in full force and effect.

The Issuer has also received the Final Order entered on September 8, 2005, as supplemented by the Commission Order entered on December 16, 2005, in Case No. 05-0420-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order entered on September 8, 2005 has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order entered on December 16, 2005 has not yet expired;

however, all parties to the Order have indicated that they will not appeal the Order. The referenced Orders remain in full force and effect.

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

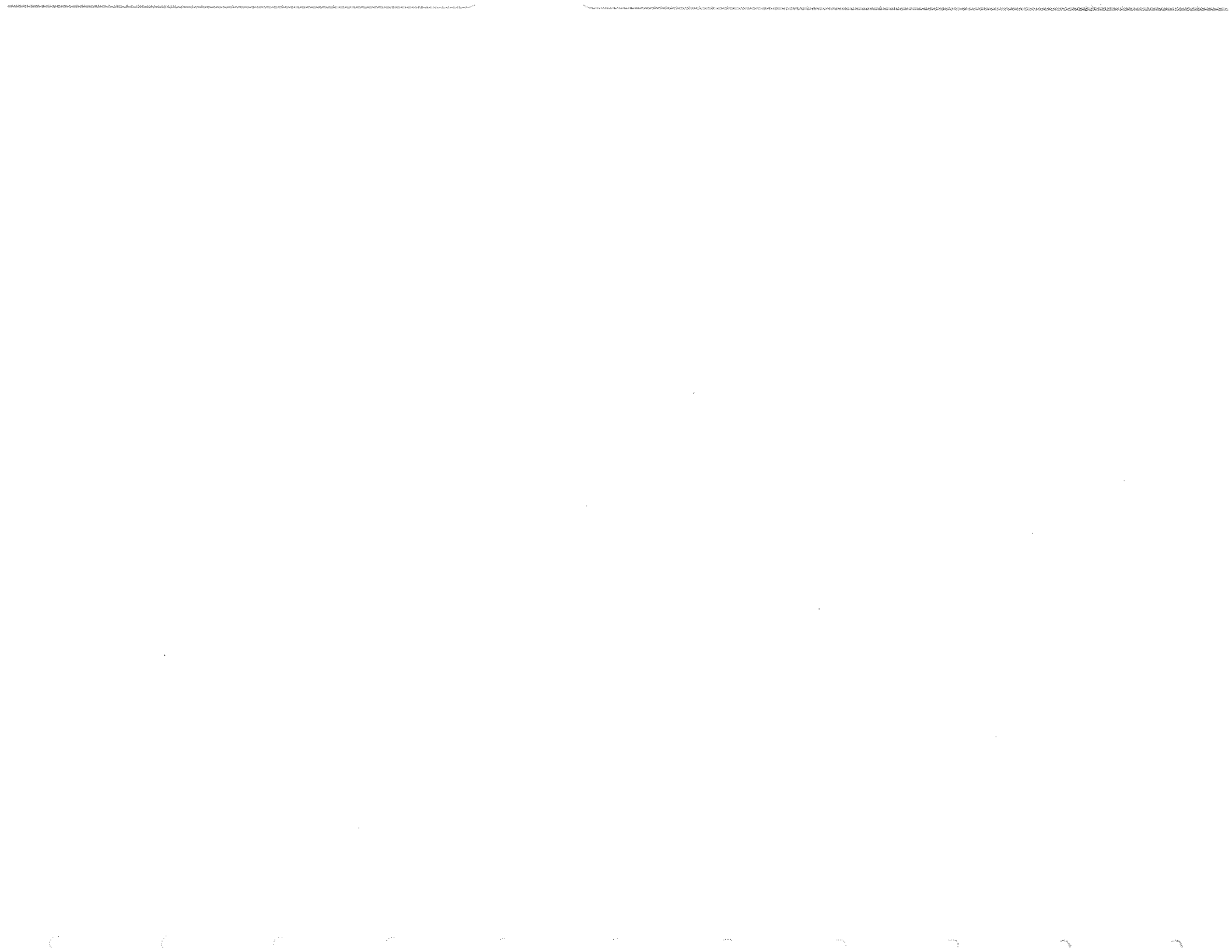
7. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

HUNTER B. MULLENS
Attorney at Law

11/23/05
345720.00002



Mullens & McGuire, PLLC

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Attorneys at Law

Hunter B. Mullens, Esq.
Catherine A. McGuire, Esq.*
Leonard T. Kelley, Esq., Of Counsel**

December 19, 2005

City of Grafton
1 West Main Street
Grafton, WV 26354

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25301

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

Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, WV 25326

Re: Final Title Opinion for City of Grafton

Ladies and Gentlemen:

We are counsel to the City of Grafton (the "Issuer") in connection with a proposed project to construct certain additions and improvements to its waste water collection and treatment facility (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

* also licensed in Virginia
** also licensed in Alaska

3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by GGJ, Inc., the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Taylor County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been or will be duly recorded in the Office of the Clerk of the County Commission of Taylor County to protect the legal title to and interest of the Issuer.

Very truly yours,

HUNTER B. MULLENS
Attorney at Law

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 December 6, 2005, and the Supplemental Resolution duly adopted December 13, 2005 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, 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 monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Gross Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (the "Series 1994 Bonds"), dated July 27, 1994, issued in the original aggregate principal amount of $2,830,000 and (ii) the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), (the "Series 2000 Bonds"), dated July 7, 2000, issued in the original aggregate principal amount of $718,500 (collectively, the "Prior Bonds").

The Series 2005 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the terms and provisions of the Prior Ordinances and no default exists with respect to the Prior Bonds.

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

Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Water Rate Ordinance

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

Minutes on Adoption and Enactment of Water Rate Ordinance

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

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

NPDES Permit

Series 2000 and Series 1994 Bond Ordinances and Supplemental Resolution

Consent of West Virginia Water Development Authority

Evidence of Insurance

Evidence of Small Cities Block Grant

Evidence of State and Tribal Assistance Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "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, including the Mayor who is elected by Council, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name			Date of Commencement of Office	Date of Termination of Office
G. Thomas Bartlett, III	-	Mayor	07/01/02	06/30/06
Robert A. Klepfel	-	Councilmember	07/01/02	06/30/06
Immanuel J. Hines	-	Councilmember	07/01/04	06/30/08
James L. Morgan	-	Councilmember	07/01/02	06/30/06
Donald S. Mason	-	Councilmember	07/01/04	06/30/08

The duly appointed and acting City Manager is Kevin M. Stead and the duly appointed and acting City Clerk is Larry M. Richman. The duly appointed and acting City Attorney is Howard M. Ferris, Esquire, in Grafton, West Virginia. The duly appointed and acting special project counsel to the Issuer with respect to the Project is Mullens & McGuire, PLLC, Philippi, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction 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.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

11. RATES: The Issuer has enacted a sewer rate ordinance on March 15, 2005, and pursuant to the Commission Order entered August 19, 2003, in Case No. 03-0311-W-MA, the Public Service Commission of West Virginia approved the use of the water rate ordinance enacted by the Issuer on September 17, 2002, as amended by the ordinance enacted by the Issuer on April 1, 2003. The time for appeal of such sewer rate ordinance, water rate

ordinance and the Commission Order has expired prior to the date hereof without successful appeal, and such rates are currently effective.

12. 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 signature, 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 their manual signature, and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $211,380 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. 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 qualified 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 Governing Body at the public hearing held at a public meeting of Governing Body on the 6th day of December, 2005, at 7:00 p.m., at the International Mother's Day Shrine, First Floor Lecture Room 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.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Final Order entered on September 8, 2005, as supplemented by the Commission Order entered on _____, 2005, in Case No. 05-0420-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order entered September 8, 2005, has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order entered on _____, 2005, has not expired. However, the parties to the Commission Order

have stated that they will not appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such Orders remain in full force and effect.

16. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. GRANTS: As of the date hereof, the State and Tribal Assistance Grant in the amount of $3,647,100 and the Small Cities Block Grant in the amount of $452,663 are in full force and effect.

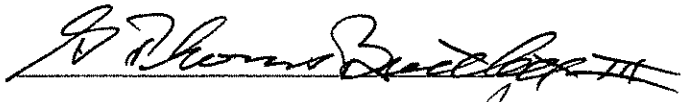
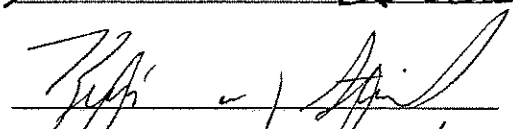
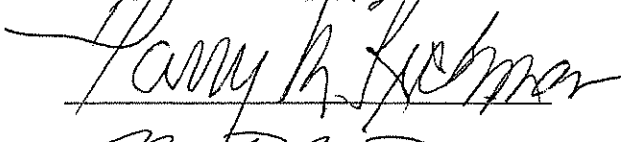
19. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

20. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

21. 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 as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	City Manager
	City Clerk
	Counsel to the Issuer

12/12/05
345720.00002

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

On this 19th day of December, 2005, I, William B. Boyle, Jr., Registered Professional Engineer, West Virginia License No. 14,853, of GGJ Consulting Engineers, Inc., Eastlake, Ohio, hereby certify as follows:

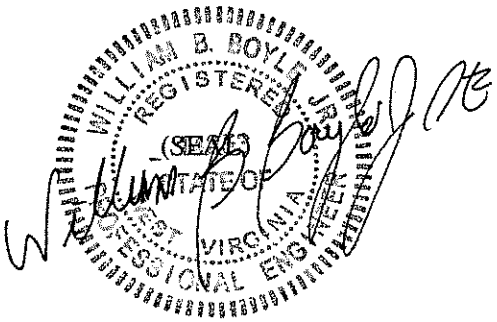
1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of the City of Grafton (the "Issuer"), to be constructed in Taylor County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on December 6, 2005, as supplemented by the Supplemental Resolution of the Issuer adopted December 13, 2005 (collectively, the "Bond Legislation"), and the Loan Agreement for the Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated December 8, 2005 (the "Loan Agreement").

2. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A and Mullens & McGuire, PLLC, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid

documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Griffith & Associates, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

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



GGJ CONSULTING ENGINEERS, INC.

By: _____

William B. Boyle, Jr., P.E.
West Virginia License No. 14,853

12/12/05
345720.00002

May 1, 1991 (Rev: 10/04)

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Grafton

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

			A. Cost of Project	
1.	Construction		$ 7,295,170.00	
2.	Technical Services		$ 552,128.00	
3.	Legal and Fiscal		$ 15,000.00	
4.	Administrative		$ 70,350.00	
* 5.	Site and Other Lands		$	
** 6.	Fac. Plan/Design or Other Loan Repayment (Specify Type:)		$	
7.	Interim Financing Costs		$	
8.	Contingency (5% of construction)		$ 334,551.00	
9.	Miscellaneous [1]		$	
10.	Total of Lines 1 Through 9			$ 8,267,199.00
			B. Sources of Funds	
11.	Federal Grants: [2]	SAP	$ 3,647,100.00	
	(Specify Sources)		$	
12.	State Grants: [2]	SCBG	$ 452,663.00	
	(Specify Sources)		$	
13.	Other Grants: [2]		$	
	(Specify Sources)		$	
14.	Any Other Source [3]	SRF Des.	$ 105,774.00	
	(Specify)		$	
15.	Total of Lines 11 Through 14			$ 4,205,537.00
16.	Net Proceeds Required from Bond Issue (Line 10 minus Line 15)			$ 4,061,662.00
			C. Cost of Financing	
17.	Bond Council [4]		$ 25,000.00	
18.	Funded Reserve Account: [5]		$ 140,920.00	
19.	Total Cost of Financing (lines 17 + 18)			$ 165,920.00
20.	Size of Bond Issue (Line 16 plus Line 19)			$ 4,227,582.00

* not allowable for State Revolving Fund Assistance

** WDA loans associated with EPA grants are not allowable

Kevin R Stiel
Signature of Authorized Representative
Date: 12/16/05

William B Bayh JPE
Signature of Consulting Engineer
Date: December 16, 2005

SCHEDULE B

		TOTAL	SCBG	STAG	SRF	SRF Design
COST OF PROJECT:						
1	WWTP	3,349,000		1,869,100	1,479,900	
	Bluemont Cemetary Area	1,106,425	452,663	608,534	45,228	
	Berkeley Run Pump Station	813,000		447,150	365,850	
	East Knotts & Lincoln	487,331		268,032	219,299	
	Fannie Extension	1,268,089		454,284	813,805	
	Grand St & Maple Ave Cleaning	271,325			165,551	105,774
2	TECHNICAL SERVICES	552,128			552,128	
3	LEGAL & FISCAL	15,000			15,000	
4	ADMINISTRATIVE	70,350			70,350	
* 5	SITE & OTHER LANDS ROW ACTIVITIES					
* 6	LOAN REPAYMENT					
7	INTERIM FINANCING COSTS					
8	CONTINGENCY	334,551	0		334,551	
9	SUBTOTAL COST OF PROJECT (LINES 1 - 8)	8,267,199	452,663	3,647,100	4,061,662	105,774
SOURCES OF FUNDS:						
10	FEDERAL GRANTS	0		3,647,100		
11	STATE GRANTS (scbg)	0	452,663			
12	OTHER GRANTS	0				
13	DESIGN LOAN BALANCE	0				105,774.00
14	SUBTOTAL SOURCES OF FUNDS (LINES 10 - 13)	0	452,663	3,647,100	0	105,774
15	NET PROCEEDS REQUIRED (LINE 9 LESS 14)	8,267,199	0	(0)	4,061,662	0
COST OF FINANCING:						
16	CAPITALIZED INTEREST	0			0	
17	FUNDED RESERVE	140,920			140,920	
18	OTHER COSTS--BOND COUNSEL	25,000			25,000	
19	SUB TOTAL COST OF FINANCING (LINES 16 - 18)	165,920	0	0	165,920	0
20	SIZE OF BOND ISSUE (LINE 15 LESS 19)	8,433,119	0	(0)	4,227,582	0

CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT

December 19, 2005

City of Grafton
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A (West Virginia SRF Program)

City of Grafton
Grafton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department 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 March 15, 2005 and the water rate ordinance of the Issuer enacted September 17, 2002, as amended by the ordinance enacted by the Issuer on April 1, 2003, and approved by the Commission Order entered August 19, 2003, in Case No. 03-0311-W-MA, the projected operating expenses as provided to me by GGJ Engineers and the Issuer, and the anticipated customer usage as furnished to me by the Issuer. 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 operating expenses of the System and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue bonds, Series 2005 A (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 Design Revenue Bonds, Series 2000 (West Virginia SRF Program) and Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia Water Development Authority) (collectively, 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, 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 Bonds, will 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

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

CITY OF GRAFTON

Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

On this 19th day of December, 2005, 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 $4,227,582 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), of the Issuer, dated December 19, 2005 (the "Bonds" or the "Series 2005 A Bonds"), 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 meanings set forth in the Bond Ordinance duly enacted by the Issuer on December 6, 2005, as supplemented (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 19, 2005, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Series 2005 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond 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 Department 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 2005 A Bonds were sold on December 19, 2005, to the Authority, pursuant to a loan agreement dated December 8, 2005, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $4,227,582 (100% of par) (the "Loan Agreement"), at which time, the Issuer received $211,380 from the Authority and the DEP, being the first advance of the principal amount of the Series 2005 A Bonds. No accrued interest has been or will be paid on the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2005 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding the Series 2005 A Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2005 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before November 1, 2007. The acquisition and construction of the Project is expected to be completed by August 1, 2007.

8. The total cost of the Project is estimated at $8,433,119. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2005 A Bonds	$ 4,227,582
Small Cities Block Grant	$ 452,663
Balance Remaining From Series 2000 Bonds	$ 105,774
State and Tribal Assistance Grant	$ 3,647,100
Total Sources	$ 8,433,119

USES

Costs of Acquisition and Construction of the Project	$ 8,267,199
Costs of Issuance	$ 25,000
Funding Reserve Account	$140,920
Total Uses	$ 8,433,119

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2005 A Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2005 A Bonds Construction Trust Fund;

(4) Series 2005 A Bonds Sinking Fund; and

(5) Series 2005 A Bonds Reserve Account.

10. Pursuant to the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) Series 2005 A Bonds proceeds in the amount of $140,920 will be deposited in the Series 2005 A Bonds Reserve Account.

(2) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are pledged as additional security for the Series 2005 A Bonds.

11. Monies held in the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2005 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and Series 2005 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2005 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 19 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 2005 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 22 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 the Project, and the Project 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 or governmental bonds.

23. The Issuer has either (a) funded the Series 2005 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2005 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2005 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2005 A Bonds Reserve Account and the Series 2005 A Bonds Sinking

Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

WITNESS my signature as of the date first written above.

CITY OF GRAFTON

By: _____
Its: Mayor

12/12/05
345720.00002

ORDINANCE #551

An Ordinance written to update and change the duly accepted Charter of the City of Grafton, dated April 30, 1985, specifically Article VII, Section 57 - City Elections.

WHEREAS, the City Council of the City of Grafton wishes to update the above mentioned Section of the Charter of the City of Grafton to reflect changes made by the State Legislature in the WV Code:

WHEREAS, the City Council finds it right and necessary to hold the City Election concurrent with the County-State elections whenever it is necessary to have a municipal election,

THEREFORE, be it ordained by the Council of the City of Grafton that the municipal election date will be held concurrent with county-state primary.

This ordinance will take effect ten days after final reading and acceptance.

Bruce L. Miller
Mayor

ATTEST:

Margaret Kraft Cox
Margaret Kraft Cox
City Clerk

FIRST READING July 5, 1989

SECOND READING August 15, 1989

PUBLIC HEARING August 15, 1989

EFFECTIVE DATE August 15, 1989

LEGALS July 12, 1989 and July 19, 1989

ORDINANCE NO. 556

AN ORDINANCE TO REPEAL ORDINANCE NO. 497, THAT ESTABLISHED THE PARKING AUTHORITY OF GRAFTON.

WHEREAS, THE COUNCIL OF THE CITY OF GRAFTON, GRAFTON WEST VIRGINIA, DEEM IT IN THE BEST INTEREST OF THE CITY TO REPEAL THE AFORE-MENTIONED ORDINANCE.

NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GRAFTON THAT:

Section 1: That Ordinance No. 497 is repealed and the GRAFTON PARKING AUTHORITY is hereby abolished.

Section 2: The powers, duties, authority and any obligations of the Parking Authority shall become those of the City of Grafton.

Section 3: That this ordinance shall take effect upon the date of passage.

Bruce L. Miller
MAYOR

ATTEST:
Margaret Knopf Carl
CITY CLERK

FIRST READING: 10-5-89

SECOND READING: 11-7-89

PASSED: 11-7-89

LEGALS: 10-9-89 and 10-16-89

ORDINANCE NO. 571

AN ORDINANCE PROVIDING FOR THE SUBMISSION FOR APPROVAL TO THE QUALIFIED VOTERS OF THE CITY OF GRAFTON OF THREE PROPOSED AMENDMENTS TO THE CHARTER OF THE CITY OF GRAFTON AT THE REGULAR MUNICIPAL ELECTION TO BE HELD ON THE 6TH DAY OF NOVEMBER, 1990, PROVIDING FOR NOTICE OF SAID ELECTION, PROVIDING FOR THE BALLOTS SUBMITTING THE PROPOSED AMENDMENTS AND THE CANVASS THEREOF, AND PROVIDING FOR THE IMPLEMENTATION OF THE RESULTS, IF NECESSARY.

WHEREAS, The Charter Board of the City of Grafton has duly recommended the proposed amendments to the Charter of the City of Grafton, as approved by the Charter Board; and

WHEREAS, pursuant to Chapter 8, Article 4 of the West Virginia Code and the applicable laws and statutes therein; and

WHEREAS, Chapter 8, Article 4, Section 7, provides that proposed charter amendments shall be submitted by ordinance at the next regular municipal election; and

WHEREAS, It is in the public interest that the proposed amendments be submitted to the qualified voters of the City of Grafton at the next regular municipal election to be held on November 6, 1990.

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

SECTION 1. ELECTION: That there shall be submitted to the qualified voters of the City of Grafton at the regular municipal election on November 6, 1990, the proposed amendments to the Charter of the City of Grafton , as duly recommended by the Charter Board. The City Clerk

shall perform all acts necessary for the submission to the qualified voters of the City of Grafton of said proposed amendments.

SECTION 2: PROPOSED AMENDMENTS: The proposed amendments to be submitted for approval to the qualified voters of the City of Grafton are herein set forth as follows, with matter to be omitted from the existing charter indicated by bracketing and new matter indicated by underscoring.

Article II, Section 7-Salaries: The salaries of councilmembers shall be [fifty dollars ($50)] one hundred dollars ($100) per meeting and shall not exceed [one hundred dollars ($100)] two hundred dollars ($200) per month, or until changed by ordinance, but shall not be increased during the current term of councilmembers enacting such ordinance. The salary of the Mayor shall be [sixty dollars ($60)[one hundred twenty dollars ($120) per meeting, not to exceed [one hundred twenty dollars ($120] two hundred forty dollars ($240) per month, or until changed by ordinance.

Article II, Section 9, Mayor Generally, Term for Mayor or Vice-Mayor: The Mayor shall preside at meeting 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 years one of its members who shall have the title of mayor. The council shall also choose an assistant-mayor for a like term of two years 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.

Article VI, Section 56- Contracts 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 shall be required in the case of:

(1) All contracts for any improvement costing twenty-five hundred dollars or more.

(2) All purchases of supplies or materials costing fifteen hundred dollars or more.

(3) All purchases of equipment costing [five hundred dollars] -<u>one thousand dollars</u> or more.

(4) All contracts for personal services involving the expenditure of five hundred dollars or more.

In the case of contracts for the construction of any improvements, sealed competitive bids shall be obtained by notice published at least once each week for two successive weeks in two 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 subsection 2, 3 and 4 above, sealed consecutive 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 mailing 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 reasons 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 equirements 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 furnishings 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 in 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 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 precribe additional rules and regulations governing the making of contracts and purchases, not inconsistent with general law or with the provisions of this charter.

In the case of an emergency, the city coucil may by special resolution setting forth the facts constituting the emergency dispense with the requirement of competitive bidding and with the requirements of its rules and regulations govenring 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 forfeit his 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 duties shall forever disqualify such officer or employee from holding any office or employment in the City government, and in addition, he shall be subject to criminal prosecution as provided by general law or by City ordinance.

SECTION 3: NOTICE OF ELECTION: PUBLICATION: Notice of the submission of the proposed amemdments at the regular municipal election to be held on November 6, 1990, shall include a brief statement setting forth the date and time of said election, and further state that upon request any qualified voter of the City of Grafton may obtain a copy of the proposed amendments at the Office of the City Clerk; such notice shall be published as a Class-II legal advertisement as set forth in Chapter 59, Article 3, Section 1, of the Code of West Virginia, 1931, as amended, and such notice shall be published first not less than thirty (30) days prior to the date of said election.

SECTION 4. BALLOT: The ballot provided for said election shall contain three (3) questions as follows:

1. "Shall the charter of the City of Grafton, Section 7, be amended to increase the salary of the councilmembers to one hundred dollars ($100) per meeting, not to exced two hundred dollars ($200) per month, and to increase the salary of the mayor to one hundred twenty

dollars ($120) per meeting, not to exceed two hundred forty dollars ($240) per month?" Yes _____ No _____

2. "Shall the charter at the City of Grafton, Section 9, be amended to provide a term for the position of vice-mayor equal to the two (2) year term of the mayor?" Yes _____ No _____

3. "Shall the Chater of the City of Grafton, Section 56, be amended to require sealed competitive bidding in the case of all purchases of equipment costing one thousand dollars ($1,000.00) or more?" Yes ____ No _____

SECTION 5. CANVASS OF VOTES: Results after said election, legal votes on the questions shall be counted and canvassed in accordance with Chapter 8, Article 4 of the West Virginia Code. If the proposed amendment or amendments shall be approved by a majority of the legal votes cast at the election thereon, the amendments shall take effect on the date that the declaration of the results showing approval by the voters has been made by the governing body and entered in the minutes of the governing body. If approved as aforesaid, the amendments of the charter, together with a certified copy of the declaration of the results of the election showing the total legal votes cast for and against approval of each question, shall be certified forthwith by the City Clerk to the House of Delegates, as keeper of the rolls, and another to the Clerk of the County Commission for recording. The

same shall be preserved by said Clerk of the House of Delegates as an authentic public record. After the date of the amendments so filed, all courts shall take judicial notice of such amendments.

SECTION 6. This Ordinance shall be effective from the date of its adoption.

ADOPTED: October 2 1990

MAYOR

FILED: October 2, 1990

Margaret Kuykendall
CITY CLERK

RECORDED: October 2, 1990

FIRST READING 9-18-90

SECOND READING 10-2-90

LEGALS 9-21-90
9-28-90

ORDINANCE NO. 588

AN ORDINANCE AMENDING ARTICLE IV, SECTION 40 OF THE GRAFTON CITY CHARTER AND ABOLISHING THE ENFORCEMENT AGENCY OF THE CITY OF GRAFTON.

WHEREAS, the City of Grafton has heretofore created and established an Enforcement Agency in Article IV, Section 40 of The Grafton City Charter, which agency's responsibilities are the enforcement of dwelling and building codes and against violations thereof; and

WHEREAS, The City of Grafton has subsequently thereto, by duly adopted Ordinance, passed and adopted the more universal and accepted BOCA National Building Codes, as updated and amended from time to time; and

WHEREAS, the BOCA National Building Codes have therein designated and established the Department of Building Inspection and the executive official in charge thereof as the code official charged with and responsible for the enforcement of said codes, with appropriate means of appeal provided therein; and

WHEREAS, the Building Inspector of the City of Grafton is the executive official of the Department of Building Inspection and, therefore, the City of Grafton Code Official pursuant to the BOCA National Building Codes passed and adopted by the City of Grafton aforesaid; and

WHEREAS, the adoption of the said BOCA National Building Codes by the City of Grafton aforesaid has made the Enforcement Agency of the City of Grafton obsolete and in conflict with the provisions of the BOCA National Building Codes and creating a

conflict in the enforcement of said building codes; and

WHEREAS, the Grafton City Council is of the opinion that it is necessary and in the best public interests that the provisions and enforcement of the BOCA National Building Codes prevail and remain in force as the best building codes available at this time, and, therefore, that the conflicting Enforcement Agency, made obsolete by the provisions of the BOCA National Building Codes, be thereby and herein abolished.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS:

That Article IV, Section 40 of the Grafton City Charter be amended and that the Enforcement Agency therein created and established be, and the same is hereby, abolished.

That such other provisions, ordinances, etc., making reference to said Enforcement Agency be, and the same are hereby, amended to now refer to the City of Grafton Department of Building Inspection Code Official pursuant to the BOCA National Building Codes.

This Ordinance shall be effective from the date of its adoption.

ADOPTED: November 5, 1991

First Reading: October 1, 1991

Second Reading: November 5, 1991

Publication: October 7, 1991 and October 14, 1991

Public Hearing: November 5, 1991

Russell L. Rockhold
MAYOR

ATTEST : Roxanne Murray
CITY CLERK

ORDINANCE NO. 589

AN ORDINANCE AMENDING ARTICLE VII, SECTIONS 57 and 58, OF THE GRAFTON CITY CHARTER, TO SIMPLIFY AND PROVIDE GENERALLY FOR BOTH REGULAR AND SPECIAL CITY ELECTIONS, REGULARLY CONSISTENT AND IN COMPLIANCE WITH STATE LAWS OF THE STATE OF WEST VIRGINIA

WHEREAS, The Grafton City Charter provides specific election time periods, timelines and deadlines for regular city elections and provides for general compliance with State law for special city elections, and

WHEREAS, the City Council of the City of Grafton is advised by the Office of the Secretary of State of West Virginia and by the Grafton City Attorney that, because of changes in the West Virginia Code, not all of the timelines and deadlines provided in the Grafton City Charter are consistent and in compliance with the state statutes and laws of the State of West Virginia, and

WHEREAS, the Grafton City Council is of the opinion that it is both prudent and in the best public interests that the provisions of the Grafton City Charter for regular and special elections be general and consistent and in compliance with the state statutes and election laws of the State of West Virginia on a regular basis, to avoid the necessity of amendments to the City Charter each time the state law is changed by the West Virginia Legislature, and establish in general terms compliance with said state statutes and laws;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS:

That Article VII, Sections 57 and 58, of the Grafton City Charter be amended, and the same are hereby amended, to hereinafter read and provide as follows:

SECTION 57 – ELECTIONS

Regular City elections shall be held on the first
in May, one thousand nine hundred eighty-six, and on the sec
Tuesday in May of every second year thereafter or such other
consistent with and concurrent with the county - state elect
Special elections shall be held at such times as may be fixe
the council in accordance with the provisions of this charte
of general law. Both Regular and Special City elections sha
held and conducted in accordance and in compliance with the
statutes and laws

of the State of West Virginia.

The ballot to be used in City elections shall be prepared by the council and shall have set forth thereon in one division the names of all properly nominated candidates for election on the 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.

Except as otherwise provided in this 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 Commission and the clerk thereof under the general laws for conducting elections shall be performed by the city council and the city clerk. The council shall appoint three commissioners and two clerks to serve as election officials in each precinct in the City. 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 result of the election, registration records, ballot boxes and other election supplies. On the first Monday following the election, or at such time as may be consistent with the general law and changes and amendments thereto, the council shall canvass the returns of the election and declare the result. In the case of a contest, the council shall be the judge of the election and qualifications of all city officials.

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 General City Revenues. The cost of conducting special elections shall be paid out of General City Revenues.

SECTION 58 - NOMINATION OF CANDIDATES: FILING OF PETITIONS: NOMINATION FEE

Any person eligible to hold office of councilperson may be nominated as a candidate therefor by petition of not less than twenty-five nor more than fifty 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 persons, the last

signatures 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 candidate for the same office, his signature shall be invalid, except as to the first such petition signed by him. Signatures must be made in accordance with those dates to be designated for same, and any signature made earlier than the designated dates preceding the election shall be void. The signatures to a nominating petition need not be appended to one 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 presence, that to the best of his knowledge and belief each signer is a qualified voter of the City and that no signature was made earlier than the designated dates preceding the election.

The complete petition, including the necessary affidavits, together with a nomination fee of twenty-five dollars and a signed statement of the candidate that he is a qualified voter of the City and has resided therein for at least one year and that he accepts the nomination and will serve if elected, shall be filed with the city clerk not earlier or later than the dates to be designated for same preceding the election. The clerk shall make a record of the exact time and date each petition was filed and the name and address of the person by whom it was filed.

Each petition so filed shall, within a designated time thereafter, be submitted by the clerk to the council for its immediate determination as to its sufficiency. If a petition or any of its accompanying papers is found by the council to be insufficient because of a failure to meet any of the requirements of this section, the clerk shall, within a designated time 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 a designated time thereafter and preceding the election, the petition may be amended and filed again as a new petition or a different petition may be filed for the same candidate.

In case there shall not be nominated by petition a number of candidates for any office equal to the number of persons to be elected to such office at any election, then the council, for the office of councilperson, shall on or before a designated date 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 complete unless the person so nominated pay to the city clerk a nomination fee of twenty-five dollars and file with the clerk a signed statement that he is a qualified voter of the City and has resided therein for at least one year before his nomination and that he accepts the nomination and will serve if elected.

All nomination fees shall be deposited by the 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 council and city clerk, with respect thereto, shall be performed by the existing city council and city clerk.

Russell L. Rockhold
Mayor

ATTEST:

Roxanne [illegible]
City Clerk /
Acting City Clerk

First Reading : November 5, 1991
Second Reading : ~~December 3, 1991~~
Published : ~~November 13, 1991~~ and November 20, 1991
ADOPTED : December 3, 1991

ORDINANCE NO. 615

AN ORDINANCE PROVIDING FOR A PROPOSED CHARTER AMENDMENT, AMENDING SECTION 58 OF THE GRAFTON CITY CHARTER TO ADD AND ADOPT A DEFINITION OF "QUALIFIED VOTERS."

WHEREAS, West Virginia Code Section 8-4-8 provides that whenever the governing body of a municipality shall deem it expedient to amend the charter of a City it shall be done by ordinance; and

WHEREAS, It is deemed necessary and appropriate to amend the City Charter to add and adopt a definition of the phrase "qualified voters"; and

WHEREAS, It is deemed necessary and appropriate to amend the Grafton City Charter as aforementioned to reduce ambiguity and confusion and to provide an explanation of the phrase "qualified voters";

NOW THEREFORE, THE CITY OF GRAFTON HEREBY ORDAINS THAT:

SECTION 1. ADOPTION OF AMENDMENT: The proposed Charter amendment, as hereinafter set forth, be and the same is hereby adopted amending Section 58 of the City Charter. Providing further, that nothing herein shall be construed as affecting any ordinance heretofore adopted.

SECTION 2. PROPOSED CHARTER AMENDMENT: The following provision be, and is hereby adopted, said provision which shall follow the language as set forth in Section 58 of the Grafton City Charter:

> Qualified voters: All citizens qualified by the Constitution and the laws of the State of West Virginia to vote in the City and who satisfy the requirements for registration prescribed by law and who, in fact, are registered to vote, shall be qualified voters within the meaning of the Charter.

SECTION 3: EFFECTIVE DATES: This Ordinance shall be effective as of the date of its passage.

Passed this the 18th day of January, 1994.

Daniel E. Mandina
MAYOR

ATTEST:

Shirley M. Dougherty
CITY CLERK

First reading: 11 January 1994
Second reading: 18 January 1994
Public hearing: 18 January 1994
Publication: ~~29~~ Dec 93, 3 Jan, 15-18 Jan 94
Adoption: 18 January 1994

This instrument prepared by
FRANCES C. WHITEMAN
ATTORNEY AT LAW

ORDINANCE NO. 627

AN ORDINANCE PROVIDING FOR A CHARTER AMENDMENT, AMENDING SECTION 32 OF THE GRAFTON CITY CHARTER REGARDING THE RESIDENCY REQUIREMENT FOR CHIEF OF POLICE

WHEREAS, West Virginia Code Section 8-4-8 provides that whenever the governing body of a municipality shall deem it expedient to amend the charter of a City it shall be done by ordinance; and

WHEREAS, it is deemed necessary and appropriate to amend the Grafton City Charter to modify and amend the residency requirement pertaining to the Chief of Police in Section 32 of said Charter; and

WHEREAS, it is deemed necessary and appropriate to amend the Grafton City Charter as aforementioned in order for the Charter to come into compliance with State and Federal law;

NOW THEREFORE, THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS:

SECTION 1. ADOPTION OF AMENDMENT: The Charter amendment, as hereinafter set forth, be and the same is hereby adopted amending Section 32 of the Grafton City Charter. Providing further, that nothing herein shall be construed as affecting any ordinance heretofore adopted.

SECTION 2. CHARTER AMENDMENT: The following provision be, and is hereby adopted, said provision which shall hereinafter be and is the language for Section 32 of the Grafton City Charter:

> 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 reside within the County during tenure of office. The chief of police shall be a person of proven executive and administrative ability with experience and training in law enforcement.

SECTION 3. EFFECTIVE DATE: This Ordinance shall be effective as of the date of its passage.

Passed this 15th day of November, 1994.

Daniel E. Martinez
MAYOR

ATTEST:

Shirley McDougherty
CITY CLERK

First Reading: November 1, 1994

Second Reading: November 15, 1994

Public Hearing: November 15, 1994

Publication: November 9, 1994

November 14, 1994

Adoption: November 15, 1994

This instrument prepared by:
FRANCES C. WHITEMAN
ATTORNEY AT LAW

GRAFTON CITY CHARTER

ADOPTED AT A SPECIAL ELECTON

APRIL 30, 1985

SPELCIAL ELECTION
APPROVED BY
ORDINANCE NO. 490
Recorded In Ordinance Book No. 3 – Page 73

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ARTICLE I - INCORPORATION

SECTION I - 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 I shall consist of Precincts 14 and 22; Ward II shall consist of Precincts 23 and 26; Ward III shall consist of Precincts 12 and 25; Ward IV 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 terms of office of the members of such council making such change.

(2) There shall be a mayor elected by the 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.

(4) The manager shall be the administrative authority. He shall manage the affairs of the City under the supervision of the council and he shall be responsible to such council. He shall appoint or employ, in accordance with this charter, all subordinates and employees for whose duties or work he is responsible to the council.

*Editor's note - West Virginia Code 8-3-2, Plan 4

SECTION 4 - POWERS OF CITY GENERALLY

The City shall 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 by 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, rights, 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 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 the voters of the City at-large. The councilmember from each ward shall 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 and the at-large candidate will serve for a two year term and the candidates from Wards Two, Three and Four 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 and the at-large candidate will serve for a full four year term.

SECTION 6 - QUALIFICATIONS

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 is to be elected. No councilmember shall hold any other elective public office, nor be an employee of the City during his term of office. If a councilmember shall cease to possess any of these qualifications 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 councilmembers 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 councilmembers enacting such ordinance. The salary of the mayor shall be sixty dollars ($60) per meeting, not to exceed one-hundred twenty dollars ($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 personal 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 councilmember directly or indirectly, except as such privilege may benefit him generally as a citizen of the community. Any councilmember who willfully conceals such interest or willfully violates 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 shall 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 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: APPOINTMENTS, QUALIFICATIONS, COMPENSATION

The council shall appoint a city manager for an indefinite term and fix his/her compensation. The 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 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 manager, he 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 days from the date when a copy of the preliminary resolution was delivered to the manager, if the city manager has not requested a public hearing, or at any time after the public hearing if he has requested one. The manager shall continue to receive his 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 official 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, preferrably 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 remainder 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 30 days following the occurrence of the vacancy, shall appoint a qualified person to fill the vacancy. If the council fails to do so within 30 days following the occurrence of the vacancy, then the city manager shall fill the vacant council seat within the next 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 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) lacks 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 or; (4) fails to attend three 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 DEPARTMENTS 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 functions or duties of offices, departments or agencies established by this charter.

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 in the morning on the first day of July next following their election, after which the council shall meet regularly at such time as may be prescribed by its rules, but not less frequently than once each month.

Special meetings may be held at any time upon call of the mayor or any two councilmembers and upon such notices 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 qualifications 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 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 of 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 appointative 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 these 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 the 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 meeting at least three days prior to the 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 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 manager shall return or his disability shall cease; however, in the event that the manager has failed to designate an acting manager, the council shall, by resolution, appoint an officer of the City to perform the duties of the manager until he shall return or his 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 60 days, at which time council shall appoint a new city manager.

ARTICLE IV - ADMINISTRATIVE DEPARTMENTS & 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 clerk shall have the power, and it shall be his/her duty to:

(1) Give notice of and attend all meetings of the 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 or 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 any 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 ordinances and all contracts, bonds or other writings in which the City is concerned, and endorse on each his 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 attorneys.

Whenever the existences 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 offenses committed.

SECTION 29 - QUALIFICATIONS OF POLICE JUDGE

Said judge shall be a duly licensed attorney, if such person be available for such service and appointment and acceptable to the 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 judge thereof until a person described hereinabove be found and the judge's salary shall be transferred to and paid such temporary judge for the time he serves as such. The mayor may serve no longer than sixty (60) days.

SECTION 30 - POLICE JUDGE

The 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. He shall try and determine all criminal cases, over which the court has jurisdiction, and enforce the various laws of the municipality. He shall have the power to summon witnesses for trials and to require of the chief of police the enforcement of all judgements tc orders entered by him in the exercise of his powers as police judge, and to issue executions for all fines, penalties and costs imposed by him.

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 trial de novo as is provided by law for appeals from 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 - POWERS & DUTIES - POLICE CHIEF

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 trial 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 - QUALIFICATIONS

The chief of the 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 chief of the fire department shall be a person of proven executive and administrative ability with experience or training in the supression 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 ordinances or order of the city manager not inconsistent with this charter or with general law.

SECTION 36 - 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 of him 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 - CITY PLANNING COMMISSION

The council shall provide for the establishment and the financial support of a City Planning Commission as provided in Article 24, Chapter 8, of the Official Code of West Virginia, as amended.

The Commission shall be composed of seven (7) members and five (5) shall be appointed by the council. The five appointed members of the Commission shall be freeholders of the City. The Commission shall have the powers and shall perform the duties prescribed by general law. It shall be the responsibility of the Commission 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 Commission 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 Commission, 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 Planning Commission 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 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 appeals shall be a member of the planning commission, nor shall any member hold other elective or appointative 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; two (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 & 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 charged with the enforcement of any ordinance or rule and regulation adopted pursuant to Chapter 8, Article 24, Sections 39-49 of the WV 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; and

(4) Authorize upon appeal in specific cases such variance from the terms of the ordinance as 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 zoning appeals may reverse or affirm, in whole or in part, or may 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, in formally adopting such ordinances, 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 costs, 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 costs 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 than 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 the City of Grafton shall be an ex-officio member without vote, except in case of a tie of said board, and his term of office as an ex-officio member shall run concurrent with his 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 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 manager's message shall explain the budget both in fiscal terms and in terms of the work programs. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major 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 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 manager deems desirable or the council may require. In organizing the budget, the 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; shall show in detail all estimated income, indicating the proposed tax levy and all proposed expenditures, including debt service for the ensuing fiscal year 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 sections:

(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 each such capital expenditure.

The total of proposed expenditures shall not exceed the total of estimated income.

SECTION 46 - CAPITAL PROGRAM

(a) Submission to council. The manager shall prepare and submit to the council a five-year capital program prior to the final date for submission of the budget.

(b) 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 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, and
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 47 - COUNCIL ACTION ON BUDGET

(a) 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 or more newspapers of general circulation in the City a notice stating:

1. The times and places where copies of the message and budget are available for inspection by the public, and
2. The time and place for a public hearing on the budget.

(b) Amendment before adoption. After the public hearing, the council may adopt the budget with or without amendment.

(c) 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 than the third Tuesday in April.

SECTION 48 - COUNCIL ACTION ON CAPITAL PROGRAM

(a) The council shall make known, no less than one month prior to adoption of the capital program, the times and places where copies of the capital program are available for inspection by the public.

(b) 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

(a) Supplemental appropriations. If during the fiscal year the 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.

(b) 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.

(c) Reduction of appropriations. If at any time during the fiscal year it appears probable to the manager that the revenues available will be insufficient to meet the amount appropriated, he shall report to the council without delay, indicating the estimated amount of the deficit, any remedial action taken by him and his recommendations 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.

(d) Transfer of appropriations. At any time during the fiscal year, the 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 manager, the council may, by resolution, transfer part or all of any encumbered appropriation balance from one department, office or agency to another.

(e) 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 of appropriations authorized by this section may be made effective immediately upon adoption.

SECTION 51 - LAPSE OF APPROPRIATIONS

Every appropriation, except an 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 years pass without any disbursement from or encumbrance of the appropriation.

SECTION 52 - ADMINISTRATION OF BUDGET

(a) Work programs and allotments. At such time as the 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 manager shall review and authorize such allotments with or without revision as early as possible in the fiscal year. He may revise such allotments during the year if he deems it desirable and shall revise them to accord with any supplemental, emergency, reduced or transferred appropriations made pursuant to Section 50, subsection (b).

(b) Payment and 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 manager or his 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 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 AND 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:

(1) Collect all taxes, special assessments, license fees and other revenues of the City and receive all other monies payable to the City.

(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.

(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 council.

(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 that there is available for the purpose an unencumbered balance in the proper item of appropriation.

(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 in the budget, showing the total appropriation, the amounts paid therefrom, the unpaid obligations charged thereto, and the unencumbered balance.

(7) Prepare for submission to the 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 council by the city manager a complete financial statement and report as of the end of each fiscal year.

(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.

(10) Perform such other duties as may be required of him 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, and (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 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 shall be required in the case of:

(1) All contracts for any improvement costing twenty-five hundred dollars or more.

(2) All purchases of supplies or materials costing fifteen hundred dollars or more.

(3) All purchases of equipment costing five hundred dollars or more.

(4) All contracts for personal services involving the expenditure of five hundred dollars or more.

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 successive weeks in two 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 above, 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 reasons 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 in 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 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 the case of an emergency, the city council may by special 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 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 duties shall forever disqualify such officer or employee from holding any office or employment in the City government, and in addition, he 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, 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 council in accordance with the provisions of this charter and of general law.

The ballot to be used in City elections shall be prepared by the council and shall have set forth thereon in one division the names of all properly nominated candidates for election to membership on the 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 days before the election, a sample ballot showing the names of all properly nominated candidates shall be published once in two 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 this 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 council shall appoint three commissioners and two clerks to serve as election officials in each precinct in the City. At least three days before the date of the election, the city clerk shall procure from 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 result of the election, registration records, ballot boxes and other election supplies. On the first Monday following the election, the council shall canvass the returns of the election and declare the result. In the case of a contest, the council shall be the judge of the election and qualifications of all city officials.

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 General City Revenues. The cost of conducting special elections shall be paid out of General City Revenues.

SECTION 58 - NOMINATION OF CANDIDATES: FILING OF PETITIONS: NOMINATION FEE

Any person eligible to hold the office of councilman may be nominated as a candidate therefor by petition of not less than twenty-five nor more than fifty 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 persons, the last

signatures in excess of that number shall be disregarded even though some of 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 candidate for the same office, his signature shall be invalid, except as to the first such petition signed by him. Any signature made earlier than the first day of Feb. next preceding the election shall be void. The signatures to a nominating petition need not be appended to one 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 presence, that to the best of his 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 dollars and a signed statement of the candidate that he is a qualified voter of the City and has resided therein for at least one year and that he 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 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 clerk to the council for its immediate determination as to its sufficiency. If a petition or any of its accompanying papers is found by the council to be insufficient because of a failure to meet any of the requirements of this section, the clerk shall, within three 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 filed for the same candidate.

In case there shall not be nominated by petition a number of candidates for any office equal to the number of persons to be elected to such office at any election, then the council, for the office of councilman, shall on or before the twenty-fifth 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 complete unless the person so nominated pay to the city clerk a nomination fee of twenty-five dollars and file with the clerk a signed statement that he is a qualified voter of the City and has resided therein for at least one year before his nomination and that he accepts the nomination and will serve if elected.

All nomination fees shall be deposited by the 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 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: BLANK FORMS TO BE FURNISHED BY CITY CLERK

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 page for sample)

NOMINATING PETITION

We, the undersigned qualified voters 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 & NUMBER)	(DATE)

(SPACES FOR SIGNATURES & REQUIRED DATA)

_____, residing at _____ in the City of Grafton, being duly sworn, deposes and says that he 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 persons 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 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 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 councilmembers 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 council the sufficiency of the recall petition. Thereafter, council shall cause a special election to be held in not less than forty-five days nor more than ninety days from the date of such certification. The published notice of such special election shall contain the reasons for demanding the recall in not more than two hundred 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 words. Ballots shall be in the format:

"Shall _____ be removed from the council of the City of Grafton?

_____ "for" the recall of _____

_____ "against" the recall of _____

Upon notification by 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 elections 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 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 propose 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 council by a petition signed by qualified electors of the City equal in number to at least ten percentum of the registered voters 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 council or submitted by the council to a vote of the electors, such power being known as the referendum. Ordinances submitted to the council by initiative petition and passed by the council without change shall be subject to the referendum in the same manner as other ordinances. Within twenty days after the enactment by the 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 percentum of the registered voters 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 of 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 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, and only he, personally circulated the foregoing paper, that it bears a stated number of signatures, that all the signatures appended thereto were made in his presence, and that he 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 instrument. Within twenty 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 than 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 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 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 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 of 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 67 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 council receives 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 council shall take final action on the ordinance not later than sixty days after the date on which such ordinance was submitted to the council by the city clerk. A referred ordinance shall be reconsidered by the 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 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 council fails to repeal a referred ordinance, the proposed or referred ordinance shall be submitted to the electors not less than thirty days nor more than one year from the date the council takes its final vote thereon. The 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 AND 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 used in voting upon any ordinance shall have below 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 of 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 elections or 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 ordinances adopted or approved by the electors shall be published and be amended or repealed by the 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 AND OTHER OFFICERS IN COUNCIL

The city manager, the heads of all departments, and such other officers of the City as may be designated by vote of the 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 council, and the directors and other officers shall be entitled to take part in all discussions of the council relating to their respective offices, departments or agencies.

SECTION 77 - INVESTIGATION BY COUNCIL OR CITY MANAGER

The council, 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 to make investigations 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 AND 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 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 be filed and kept in the office of the city clerk.

> "I 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

(a) This charter shall entirely supersede the present charter of the City of Grafton. All legislative and administrative acts or rules theretofore 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 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.

(b) 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 - AMENDMENTS 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 of 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, garbage, etc. shall be budgeted separately (line item) in the annual budget of the City of Grafton.

Council may have created or will create by ordinance other committees, commissions, boards, etc. Council shall also provide adequate funds and support for these groups and budget for them separately (line item) in the annual City budget.

Through the years, the City of Grafton has acquired many valuable assets. 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 this charter contained, except as specifically provided, shall affect or impair the rights or 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, appointment, 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 OF 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 OFFICES, DEPARTMENTS OR AGENCIES

Any office, department or agency provided for in this 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 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 COUNCIL, ADMINISTRATIVE BOARDS, AND 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 to 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 meetings 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 council or its clerk, sergeant-at-arms or any other officer, while the 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 council, council committee, administrative board or any officer, witness or party going to, attending or returning from any 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.

We, the undersigned, being members of the Charter Board of the City of Grafton, West Virginia, hereby approve the foregoing proposed charter and certify that it is a true copy of the final draft of the proposed charter for said City of Grafton, as adopted and approved by the Charter Board.

NAME	DATE
John L. Bord, Chairman	April 11, 1985
Martha J. Bobela, Secretary	April 11, 1985
Clarence E. Paugh, Jr.	April 11, 1985
Fannie F. Garrett	April 11, 1985
Thomas G. Harman	April 11, 1985
Daniel E. Mankins	April 11, 1985
Alan R. DePiano	April 11, 1985

CERTIFICATE OF THE ATTORNEY GENERAL

The Attorney General of the State of West Virginia hereby certifies that the Proposed Charter for the City of Grafton, West Virginia, which was received by the aforesaid Attorney General on the 27th day of February, 1985, is consistent in all respects with the Constitution and the general law of the State of West Virginia.

Given under my hand this 12th day of April, 1985.

CHARLIE BROWN
ATTORNEY GENERAL

By Gene W. Bailey
GENE W. BAILEY, ASSISTANT

ORDINANCE NO. 740

AN ORDINANCE AMENDING ARTICLE VII, SECTION 58 AND REPEALING ARTICLE VII, SECTION 59 OF THE GRAFTON CITY CHARTER RELATING TO CANDIDATES FOR CITY COUNCIL.

WHEREAS, the City Council of the City of Grafton, West Virginia, does find it necessary, due to changes in the election laws of this State, to amend those portions of the City Charter prescribing procedures for the election of members of City Council;

AND WHEREAS, the Council is authorized by Chapter 8, Article 4, Section 8 of the West Virginia Code, as amended, to make enact such amendments by ordinance;

NOW, THEREFORE, the City Council of the City of Grafton, West Virginia, pursuant to authority granted by the laws of this State, does ordain that the Grafton City Charter be amended as follows:

Section 1: Amendment of Article VII, Section 58:

Section 58, Article VII of the Grafton City Charter shall be amended as follows:

SECTION 58 -- CANDIDATES FOR CITY COUNCIL; DECLARATION OF CANDIDACY; FILING FEE

1. Any resident of the City of Grafton who is otherwise eligible to hold elective office in this State may become a candidate for City Council by filing with the City Clerk a certificate declaring their candidacy therefor. The declaration of candidacy so filed shall be substantially in form as prescribed by the City Clerk for such purpose, shall be signed before a notary public or other officer authorized to give oaths, and shall contain the following information:

a. the date of the election in which the candidate seeks to appear on the ballot;

b. a statement declaring the specific ward which the candidate seeks to represent or declaring an intent to seek election at-large;

c. the legal name of the candidate and the exact name the candidate desires to appear on the ballot;

d. the specific residence address of the candidate at the time of filing, including number and street or rural route and box number;

e. a statement declaring that the candidate is a resident of the City, is legally eligible to hold office, and is a candidate for the office in good faith and will serve in said office if elected.

2. Every person who desires to become a candidate for election to City Council shall, at the time of filing the declaration of candidacy heretofore required, pay to the Clerk a filing fee in the amount of Twenty-Five Dollars ($25.00). All filing fees collected shall be deposited into the General Fund and shall be applied to defray the costs of the election.

3. A person seeking election to City Council who is unable to pay the filing fee required herein may become a candidate by filing with the aforementioned declaration of candidacy a statement declaring that they are unable to pay the filing fee due to a lack of financial resources. Such statement shall be substantially in form as prescribed by the City Clerk for such purpose and shall be signed before a notary public or other officer authorized to give oaths. The statement shall be accompanied by a petition, which shall be substantially in form as prescribed by the City Clerk for such purpose, requesting that the filing fee be waived and that the candidate set forth therein be placed upon the ballot. The petition shall contain the signatures of twenty-five qualified voters residing in the ward from which they seek election or, in the case of a candidate seeking election at-large, twenty-five qualified voters residing in the City. The petition shall further contain the specific residence of address of each signator thereto. A candidate may submit a petition containing a greater number of signatures than required, but the City Clerk shall not be required to determine the validity of a greater number of signatures than that required by this section. No qualified voter shall forfeit their opportunity to participate in any election by signing any such petition, but no voter shall be permitted to sign more than one such petition in any given election.

4. All certificates of candidacy shall be filed with the City Clerk, accompanied by the appropriate filing fee or declaration of impecuniosity and in-lieu-of-filing-fee petition, no earlier than the second Monday of January next preceding the date of the election nor later than midnight, eastern standard time, on the last Saturday in January next preceding said election. If mailed, the certificate of candidacy must be postmarked by the United States Postal Service before that hour.

The Clerk shall, within a reasonable time, examine each declaration and petition so submitted to determine the sufficiency thereof. Any declaration or petition which is found to be insufficient for any reason shall be immediately returned by said Clerk, accompanied by a statement setting forth the reason for its rejection. The deficiencies of any such declaration or petition may be corrected and such declaration or petition may be filed anew during the filing period heretofore prescribed.

Section 2: Repeal of Article VII, Section 59.

Section 59 of Article VII of the Grafton City Charter is hereby repealed.

Section 3: Severability.

Should any provision of this Ordinance be rendered invalid, illegal, or inoperative for any reason whatsoever by a court of competent jurisdiction, such action shall not be deemed to affect the operation or enforcement of any other provision contained herein which may be given effect without benefit the provision so rendered.

Section 4: Effective Date; Preservation of Record.

This Ordinance shall be in effect from the date of adoption. The Clerk is directed, upon adoption of this Ordinance, to cause a copy of these amendments, this Ordinance and a transcript of the related proceedings to be certified to the Clerk of the House of Delegates, as keeper of the rolls, for preservation as an authentic public record. It is further directed that such be recorded in the office of the Clerk of the County Court of Taylor County, West Virginia.

G. Thomas Bartlett III,
Mayor

ATTEST:

Larry M. Richman,
City Clerk

First Reading:	November 15, 2005
First Publication:	November 18, 2005
Second Publication:	November 25, 2005
Second Reading:	December 6, 2005
Public Hearing:	December 6, 2005
Adoption:	December 6, 2005

This instrument prepared by

Lloyd W. Spring III, Attorney at Law
WVSB ID# 5181
1201 West Main Street
Grafton, West Virginia 26354-1033

CITY OF GRAFTON

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Grafton does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the City Clerk at the front door or bulletin board of the Grafton Municipal Building and any other place where the City customarily posts notices, of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the City Clerk not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the Grafton Municipal Building and any other place where the City customarily posts notices not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

A TRUE COPY FROM THE RECORD: OPEN GOVERNMENTAL PROCEEDINGS RULES RESOLUTION
(PROCLAMATIONS RESOLUTIONS BOOK NO. 2, PAGE 223-224).

LARRY M. RICHMAN - CITY CLERK

Adopted this 6th day of December, 2005.

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CERTIFICATION

I, Larry M. Richman, duly appointed City Clerk of the City of Grafton do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of the City of Grafton at a regular meeting of City Council held December 6, 2005, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 6th day of December, 2005.

[SEAL]

By: _____
City Clerk

CITY OF GRAFTON

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Grafton does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

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2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the Grafton Municipal Building and any other place where the City customarily posts notices not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 6th day of December, 2005.

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CERTIFICATION

I, Larry M. Richman, duly appointed City Clerk of the City of Grafton do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of the City of Grafton at a regular meeting of City Council held December 6, 2005, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 6th day of December, 2005.

[SEAL]

By: Larry M. Richman
City Clerk

11/23/05
345720.00002

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

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 317).

Larry M Richman
LARRY M. RICHMAN – CITY CLERK

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, Larry M. Richman, do solemnly swear that I will support the Constitution and will obey the laws of the United State and of the State of West Virginia. That I will, in all respects, observe the provisions of the Charter and Ordinances of the City of Grafton, and will faithfully discharge the duties of the office of City Clerk to best of my skill and judgement so help me God.

Larry M. Richman

Larry M. Richman

Taken, subscribed and sworn before me this 23rd day of March, 2001.

Thomas L. Horacek

Thomas L. Horacek
Mayor

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 328).

Larry M. Richman

LARRY M. RICHMAN - CITY CLERK

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, G. Thomas Bartlett, III, do solemnly swear (or affirm) that I will support the Constitution of the United States and the State of West Virginia. That I will faithfully discharge the duties as Mayor of the City of Grafton, to the best of my skill and judgement so help me God.

G. Thomas Bartlett, III

Taken, subscribed and sworn before me this 1st day of July, 2004.

Larry M. Richman
City Clerk

Grafton City Council
G. Thomas Bartlett, III (Mayor) (H) 265-0531
302 McGraw Avenue
Grafton, West Virginia 26354
Term: July 1, 2004 – June 30, 2006

342

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, Robert A. Klepfel, do solemnly swear (or affirm) that I will support the Constitution of the United States and the State of West Virginia. That I will faithfully discharge the duties as a member of the Grafton City Council, representing Ward 2, to the best of my skill and judgement so help me God.

Robert A. Klepfel

Taken, subscribed and sworn before me this 1st day of July, 2002.

Larry M. Richman
City Clerk

Term of Office: July 1, 2002 to June 30, 2006

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 342).

LARRY M. RICHMAN – CITY CLERK

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, James L. Morgan, do solemnly swear (or affirm) that I will support the Constitution of the United States and the State of West Virginia. That I will faithfully discharge the duties as a member of the Grafton City Council, representing Ward 3, to the best of my skill and judgement so help me God.

James L. Morgan

Taken, subscribed and sworn before me this 1st day of July, 2002.

Larry M. Richman
City Clerk

Term of Office: July 1, 2002 to June 30, 2006

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 343).

LARRY M. RICHMAN – CITY CLERK

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, G. Thomas Bartlett, III, do solemnly swear (or affirm) that I will support the Constitution of the United States and the State of West Virginia. That I will faithfully discharge the duties as a member of the Grafton City Council, representing Ward 4, to the best of my skill and judgement so help me God.

G. Thomas Bartlett, III

Taken, subscribed and sworn before me this 1st day of July, 2002.

Larry M. Richman
City Clerk

Term of Office: July 1, 2002 to June 30, 2006

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 344).

LARRY M. RICHMAN – CITY CLERK

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, Donald S. "Skip" Mason, do solemnly swear (or affirm) that I will support the Constitution of the United States and the State of West Virginia. That I will faithfully discharge the duties as a member of the Grafton City Council, Ward 1, to the best of my skill and judgement so help me God.

Donald S. Mason

Donald S. "Skip" Mason

Taken, subscribed and sworn before me this 1st day of July, 2004.

Larry M. Richman

Larry M. Richman
City Clerk

Grafton City Council
Donald S. "Skip" Mason (Ward 1) (H) 265-3950
570 West Main Street
Grafton, West Virginia 26354
Term: July 1, 2004 – June 30, 2008

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 405).

Larry M. Richman

LARRY M. RICHMAN – CITY CLERK

OATH OF OFFICE

STATE OF WEST VIRGINIA)
TAYLOR COUNTY) TO WIT:
CITY OF GRAFTON)

I, Immanuel J. "Joe" Hines, do solemnly swear (or affirm) that I will support the Constitution of the United States and the State of West Virginia. That I will faithfully discharge the duties as a member of the Grafton City Council, At Large, to the best of my skill and judgement so help me God.

Immanuel Joe Hines
Immanuel J. "Joe" Hines

Taken, subscribed and sworn before me this 1st day of July, 2004.

Larry M. Richman
Larry M. Richman
City Clerk

Grafton City Council
Immanuel J. "Joe" Hines (At Large) (H) 265-2061
101 Cassell Street
RR 3, Box 487
Grafton, West Virginia 26354
Term: July 1, 2004 – June 30, 2008

A TRUE COPY FROM THE RECORD: OATH OF OFFICE (CERTIFICATE OF OATHS BOOK NO. 1, PAGE 406).

Larry M. Richman
LARRY M. RICHMAN – CITY CLERK

ORDINANCE NO. 731

CITY OF GRAFTON

AN ORDINANCE AMENDING AND REPEALING ORDINANCES NOS. 188, 334, 390, 435, 515, 575, 667, 677 AND 683 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	$ 12.14
2,100 -	5,000 gallons	$ 12.14 plus 7.03/thousand gal. over 2,000
5,000 -	10,000 gallons	$ 33.23 plus 5.20/thousand gal. over 5,000
10,000 -	30,000 gallons	$ 59.23 plus 3.78/thousand gal. over 10,000
30,000 -	60,000 gallons	$ 134.83 plus 2.85/thousand gal. over 30,000
60,000 -	100,000 gallons	$ 220.30 plus 2.37/thousand gal. over 60,000
Over	100,000 gallons	$ 315.13 plus 1.92/thousand gal. over 100,000

Minimum Bill

No bill will be rendered for less than $12.14 per 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)

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.

A TRUE COPY FROM THE RECORD: ORDINANCE NO. 731 (ORDINANCE BOOK NO. 4, PAGE 501-503).

LARRY M. RICHMAN – CITY CLERK

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.

Contracts

Any and all unmetered service contracts will be based on estimated gallon usage with a minimum monthly bill of $30.85 for residential customers and $660.00 for commercial and industrial customers.

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 $15.00.

Leak Adjustment Increment $1.34 per 1,000 gallons

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customers side of the meter. This rate is used to calculate consumption above the customers historical average usage.

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, 667, 677 and 683; 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 *The Mountain Statesman*, 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 of the City of Grafton at the International Mother's Day Shrine, First Floor Lecture Room, 11 East Main Street, Grafton, West Virginia, on the 15th day of March, 2005, 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/Finance Director, Grafton Municipal Building, 1 West Main Street, Grafton, West Virginia.

G. Thomas Bartlett, III,
Mayor

ATTEST:

Larry M. Richman,
City Clerk

First Reading:	March 1, 2005
First Publication:	March 4, 2005
Second Publication:	March 11, 2005
Second Reading:	March 15, 2005
Public Hearing:	March 15, 2005
Adoption:	March 15, 2005

CERTIFICATION AND NOTICE

The foregoing Ordinance was introduced and adopted on first reading at a meeting of the Council held on March 1, 2005. Any person interested may appear before the Council of the City of Grafton, at the International Mother's Day Shrine, First Floor Lecture Room, 11 East Main Street, Grafton, West Virginia, on the 15th day of March, 2005, 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/Finance Director, Grafton Municipal Building, 1 West Main Street, Grafton, West Virginia, during normal office hours.

Larry M. Richman, City Clerk

LEGAL

NOTICE OF PUBLIC HEARING ON
CITY OF GRAFTON SEWER RATE ORDINANCE

A public hearing will beheld on **Tuesday, March 15, 2005, at 6:30 p.m.** on the following ordinance which has been introduced on March 1, 2005. Any person interested may appear before the City Council of the City of Grafton at International Mother's Day Shrine, First Floor Lecture Room, 11 East 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, 667, 677 AND 683 THE CITY OF GRAFTON SEWER RATE ORDINANCES, SETTING FORTH NEW SEWER RATES, CONNECTION CHARGES, RECONNECTIOIN CHARGES AND DELAYED PAYMENT PENALTY FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF GRAFTON

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Applicable to entire area served.

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Available for general domestic, commercial and industrial service.

Rates

(Based upon metered volume of water supplied).

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2,100 – 5,000 gallons	$12.14 plus 7.03/thousand gal. over 2,000
5,000 – 10,000 gallons	$33.23 plus 5.20/thousand gal. over 5,000
10,000 – 30,000 gallons	$59.23 plus 3.78/thousand gal. over 10,000
30,000 – 60,000 gallons	$134.83 plus 2.85/thousand gal. over 30,000
60,000 – 100,000 gallons	$220.30 plus 2.37/thousand gal. over 60,000
Over 100,000 gallons	$315.13 plus 1.92/thousand gal. over 100,000

Minimum Bill

No bill will be rendered for less than $12.14 per 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)

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 80 feet. Over 80 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 lines up to 80 feet. Over 80 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.

Contracts

Any and all unmetered service contracts will be based on estimated gallon usage with a minimum monthly bill of $30.85 for residential customers and $660.00 for commercial and industrial customers.

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 awer charges.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for nay 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.

Leak Adjustment Increment $1.34 per 1,000 gallons

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customers side of the meter. This rate is used to calculate consumption above the customers historical average usage.

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 area, to the extent of such conflicts, hereby repealed, including but not limited to, ordinance Nos. 188, 334, 390, 435, 515, 575, 667, 677 and 683; 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 *The Mountain Statesman*, 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 of the City of Grafton, at the International Mother's Day Shrine, First Floor Lecture Room, 11 East Main Street, Grafton, West Virginia, on the 15th day of March, 2005, 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 hereto, 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/Finance Director, Grafton Municipal Building, 1 West Main Street, Grafton, West Virginia.

Passed on First Reading: March 1, 2005

Passed on Second Reading: _____
(following public hearing)

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Grafton held on March 1, 2005, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Grafton at the International Mother's Day Shrine, First Floor Lecture Room, 11 East Main Street, Grafton, West Virginia, on the 15th day of March, 2005, at 6:30 p.m., West Virginia, being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the City Clerk/ Finance Director, Grafton Municipal Building, 1 West Main Street, Grafton, West Virginia, during regular office hours.

/s/Larry M. Richman
City Clerk

Legal 9639
3/4, 3/11

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WV 26354
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 3/14/2005

Account # 6871

STEPTOE & JOHNSON
BANK ONE CENTER, 7TH FLOOR
PO BOX 1588
CHARLESTON, WV 25326

INVOICE # 9639 AMOUNT REMITTED $

RE: CITY OF GRAFTON
SEWER RATE ORDINANCE
INSERTION DATES: 03/04/05 3/11/2005

AMOUNT DUE: $382.36 $2 Aff. Fee is already included

Legal Rate Information: 10.5 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 # 9639 was published once a week for TWO weeks in said Mountain Statesman newspaper as aforesaid, commencing on the 4TH day of MARCH, 2005

Given under my hand this 14TH DAY OF MARCH, 2005

Jean M Ellerman Publisher

Printers fee $

West Virginia, Taylor County, To Wit:
Subscribed and sworn to before me this

March 17 2005

Donna L Moore Notary Public

My Commission Expires May 14, 2013

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DONNA L. MOORE
914 WEST MAIN STREET
GRAFTON, WV 26354
My commission expires May 14, 2013

Agenda
2004-2005 Year: Regular Meeting Number 16
Grafton City Council
Tuesday, March 15, 2005 - 6:30 p.m.

1. CALL TO ORDER
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. ROLL CALL
5. SET COUNCIL AGENDA
6. MINUTES OF REGULAR COUNCIL MEETING MARCH 1, 2005
7. CITY MANAGER'S REPORT
8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS
   - A. Solid Waste Garbage Report
   - B. Finance Report
   - C. WV Wrap-Up Report
   - D. 2004 West Virginia Blue Book/Grafton Data
   - E. WV State Journal Article
   - F. E-Mail From Delegate Jeffery Tansill
9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES
10. UNFINISHED BUSINESS
    - A. Public Hearing Ordinance No. 731 Sewer Rates Increased
    - B. Second Reading Ordinance No. 731 Sewer Rates Increased
    - C. Traffic Calming Measures/Speed Humps
11. NEW BUSINESS
    - A. Payment of Bills
      1. Regular 2004-2005 Budgetary Bills - Year Listing No. 16
    - B. Revision to the 2004-2005 General Fund Budget
    - C. Schedule 2005-2006 Budget Workshop
    - D. Public Hearing 2005-2006 General Fund Budget and Coal Severance Fund Budget
12. CITIZENS VOICE
13. COUNCIL MEMBER'S HEARING
14. ADJOURNMENT

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, MARCH 15, 2005,
FIVE PAGES (MINUTE BOOK NO. 21, PAGES 357-361).

LARRY M. RICHMAN – CITY CLERK

Regular Meeting Grafton City Council
Tuesday, March 15, 2005 - 6:30 p.m.
International Mother's Day Shrine
First Floor - Lecture Room

1. CALL TO ORDER

Vice Mayor Hines called the meeting to order at 6:30 p.m. and extended thanks to the International Mother's Day Shrine Foundation for the privilege to conduct the council meetings at the Shrine during the City Hall renovation.

2. INVOCATION

The invocation was given by Councilman Klepfel.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Councilman Mason, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Vice Mayor Immanuel "Joe" Hines, Councilman Robert A. Klepfel, and Councilman Donald S. "Skip" Mason. Also present: City Manager Kevin M. Stead, Chief of Police Robert W. Beltner, Police Sergeant Mark McCullough, Fire Chief/Building Inspector R. Wayne Beall, Code Enforcement Officer Frederick D. Ford, and City Clerk/Finance Director Larry M. Richman. Councilman James L. Morgan arrived at 6:51 p.m. Mayor G. Thomas Bartlett, III, did not attend, excused absence was approved during the March 1, 2005 Council Meeting, March 1, 2005 Minute-page six, book page 307.

5. SET COUNCIL AGENDA

Motion was made by Councilman Klepfel, second by Councilman Mason, to approve the agenda, March 15, 2005, as submitted. Roll call vote: Klepfel: Yes; Mason: Yes; and Hines: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING MARCH 1, 2005

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the March 1, 2005 Regular Council Meeting minutes. Roll call vote: Klepfel: Yes; Mason: Yes; and Hines: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

No report.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Solid Waste Garbage Report:
March 1-11, 2005 Report submitted.

B. Finance Report:
February 2005 City of Grafton Financial Report submitted.

C. West Virginia State Legislature Wrap-Up Report:
March 3, 2005 issue of Wrap-Up, newsletter of the West Virginia Legislature, submitted.

D. 2004 West Virginia Blue Book/Grafton Data:
July 1, 2004 Grafton data submitted, one page document published in the 2004 West Virginia Blue Book submitted.

E. WV State Journal Article:
News article "Government - Metro Government Bill Introduced" regarding a proposal that would allow Cities and Counties to merge leadership and services, published in the March 11-17, 2005 issue of the West Virginia State Journal, submitted, one page.

F. E-Mail From Delegate Jeffery Tansill:
March 3, 2005 - E-Mail, regarding the placement of a tourist sign on Interstate 79 near the FBI exit, advertising the International Mother's Day Shrine in Grafton.

9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES

None.

10. UNFINISHED BUSINESS

A. Public Hearing Ordinance No. 731 Sewer Rates Increased:
Vice Mayor Hines opened the floor to anyone wishing to speak in favor or against the passage of Ordinance No. 731. No one spoke; public hearing closed.

B. Second Reading Ordinance No. 731 Sewer Rates Increased:
The short reading of Ordinance No. 731 was read by the Clerk as follows:

ORDINANCE NO. 731

CITY OF GRAFTON
AN ORDINANCE AMENDING AND REPEALING ORDINANCES NOS. 188, 334, 390, 435, 515, 575, 667, 677 AND 683 THE CITY OF GRAFTON SEWER RATES 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

(Recorded in Ordinance Book No. 4 - Page 501)

Motion was made by Councilman Morgan, second by Councilman Mason, to approve the second reading and passage of Ordinance No. 731. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; and Hines: Yes. Motion carried.

C. Traffic Calming Measures-Speed Humps:
Chief of Police Robert W. Beltner addressed issues relating to the speeding problem on Love Avenue and possible solutions which included the installation of "speed humps" as a deterrent to speeding. Ten page report relating to "Traffic Calming Measures and Speed Humps" was submitted for review. Council requested

the City Manager to submit a letter to the West Virginia Department of Highways (WV DOH) requesting for the installation of "turn arrows" on the traffic lights at the intersection of US Route 50 and US Route 119 which would possibly restraint drivers from using Love Avenue as diversion/alternate route as opposed to using the Route 50/119 (with traffic lights) intersection.

11. NEW BUSINESS

A. Payment of Bills:

1. Regular 2004-2005 Budgetary Bills - Year Listing No. 16

Bluemont Cemetery Fund	$	174.34
General Fund	$	23,502.59
Water Operations Fund	$	8,410.97
Sewer Service Fund	$	11,064.65
Total	$	43,152.55

Motion was made by Councilman Klepfel, second by Councilman Mason, to pay the Regular Bills, March 15, 2005, in the amount of $43,152.55. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; and Hines: Yes. Motion carried.

B. Revision to the 2004-2005 General Fund Budget:

RESOLUTION

Revision of the 2004-2005 General Fund Budget-No.3

Subject: The revision of the General Fund 2004-2005 Levy Estimate (Budget) of the City of Grafton, the following order was made and entered.

(Recorded in Proclamation/Resolution Book No. 2, Page 188)

Request For Revision to Approved Budget

Municipality of Grafton

Grafton, West Virginia

2004-2005 General Fund Budget

Budget Revision No. 3

	Approved	Increase	Decrease	Revised
Receipts:				
#305 B & O Taxes	$ 585,000	$ 20,000		$ 605,000
#370 Other Funds	$ 0	$ 3,400		$ 3,400
Net Revenue Increase				$ 23,400

	Approved	Decrease	Increase	Revised
Expenditures:				
#699 Council	$ 50,298	$ 17,000	$	$ 33,298
#750 Street	$ 271,444		$ 20,000	$ 291,444
#753 Snow Clean	$ 16,800		$ 12,000	$ 28,800
#912 C Promotions	$ 56,600		$ 8,400	$ 65,000
Net Expenditure Increase				$ 23,400

(Recorded in Proclamation/Resolution Book No. 2, Page 189)

Motion was made by Councilman Morgan, second by Councilman Mason, to approve General Fund Resolution/Budget Revision Number 3, revising the 2004-2005 General Fund Budget. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; and Hines: Yes. Motion Carried.

C. Schedule 2005-2006 Budget Workshop:

By unanimous consensus a Budget Workshop for the 2005-2006 budgets was scheduled to begin at 4:30 p.m., Thursday, March 17, 2005, at the Municipal Building Conference Room.

D. Public Hearing 2005-2006 General Fund Budget/Coal Severance Budget:

Unanimous consensus, Tuesday, March 22, 2005, 5:00 p.m., a special council meeting will be held to conduct the Public Hearing for the 2005-2006 General Fund and Coal Severance Fund budgets and the adoptions of the 2005-2006 General Fund, Coal Severance Fund, Bluemont Cemetery Fund, Water Operations and Maintenance Fund, and Sewer Service Fund Budgets.

12. CITIZENS VOICE

No one registered to speak.

13. COUNCIL MEMBER'S HEARING

Vice Mayor Hines:

Complimented Chief of Police Robert W. Beltner and the Grafton Police Department for good performance in their department.

14. ADJOURNMENT

Vice Mayor Hines adjourned the meeting at 8:02 p.m.

G. Thomas Bartlett, III
Mayor

ATTEST:

Larry M. Richman
City Clerk

Agenda
2004-2005 Year: Regular Meeting Number 15
Grafton City Council
Tuesday, March 1, 2005 - 6:30 p.m.

1. CALL TO ORDER
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. ROLL CALL
5. SET COUNCIL AGENDA
6. MINUTES OF REGULAR COUNCIL MEETING FEBRUARY 15, 2005
7. CITY MANAGER'S REPORT
8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS
   - A. Solid Waste Garbage Report
   - B. Water Loss Report
   - C. Water Meter Report
   - D. Police Department Report
   - E. Fire Department Report
   - F. Grafton City Hospital Minutes
   - G. WV Wrap-Up Reports
   - H. WV State Journal Article
   - I. Grafton Sesquicentennial Celebration Report
9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES
   - A. Women's History Month Proclamation
   - B. Signature Authorization WV DEP - SRF Loan Resolution
   - C. Certificate of Recognition City Clerk/Finance Director
10. UNFINISHED BUSINESS
    - A. First Reading Ordinance No. 731 Sewer Rates Increased
    - B. 2005 Street Paving
    - C. Purchase Sewer Department Truck
11. NEW BUSINESS
    - A. Payment of Bills
      1. Regular 2004-2005 Budgetary Bills - Year Listing No. 15
    - B. Presentation 2003-2004 Pension Funds Finance Statements
      1. Police Pension & Relief Fund
      2. Firemen's Pension & Relief Fund
    - C. Bids To Sell City Hall Used Y2K Generator
    - D. Excuse Mayor Bartlett from March 15, 2005 and April 5, 2005 Council Meetings
12. CITIZENS VOICE
    - A. David D. Cox, RR 1, Box 90A
13. EXECUTIVE SESSION
14. COUNCIL MEMBER'S HEARING
15. ADJOURNMENT

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, MARCH 1, 2005, SEVEN PAGES (MINUTE BOOK NO. 21, PAGES 350-356).

LARRY M. RICHMAN – CITY CLERK

Regular Meeting Grafton City Council
Tuesday, March 1, 2005 - 6:30 p.m.
International Mother's Day Shrine
First Floor - Lecture Room

1. CALL TO ORDER

Mayor Bartlett called the meeting to order at 6:30 p.m. and extended thanks to the International Mother's Day Shrine Foundation for the privilege to conduct the council meetings at the Shrine during the City Hall renovation.

2. INVOCATION

The invocation was given by Vice Mayor Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor G. Thomas Bartlett, III, Vice Mayor Immanuel "Joe" Hines, Councilman Robert A. Klepfel, and Councilman Donald S. "Skip" Mason. Also present: City Manager Kevin M. Stead, City Attorney Gregory E. Behan, Police Sergeant Mark McCullough, Fire Chief/Building Inspector R. Wayne Beall, Bluemont Cemetery Caretaker Stanley K. Riley, Code Enforcement Officer Frederick D. Ford, and City Clerk/Finance Director Larry M. Richman. Councilman James L. Morgan arrived at 6:37 p.m.

5. SET COUNCIL AGENDA

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the agenda, March 1, 2005, as submitted. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING FEBRUARY 15, 2005

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the February 15, 2005 Regular Council Meeting minutes. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

Submitted, one page, recorded as part of the minutes, page seven.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Solid Waste Garbage Report:
February 17-25, 2005 Report submitted.

B. Water Loss Report:
February 2005 Water Loss Report submitted.

C. Water Meter Report:
February 2005 Water Meter Replacement Report submitted.

D. Police Department Report:
February 2005 Police Department Report submitted.

E. Fire Department Report:
February 2005 Fire Department Report submitted.

F. Grafton City Hospital Minutes:
November 29, 2004 Board of Trustees Report submitted.
December 20, 2004 Board of Trustees Report submitted.

G. West Virginia State Legislature Wrap-Up Reports:
February 17, 2005 and February 24, 2005 issues of Wrap-Up, newsletter of the West Virginia Legislature, submitted.

H. WV State Journal Article:
News article "A Future in the Past" regarding many West Virginia communities revitalizing historic downtowns, published in the February 25-March 3, 2005 issue of the West Virginia State Journal, submitted, four pages.

I. Grafton Sesquicentennial Celebration Report:
Grafton Sesquicentennial (150th Anniversary) report from committee member Cynthia A. Miller, submitted, one page.

9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES

A. Women's History Month Proclamation:

PROCLAMATION
Women's History Month - March 2005
WHEREAS, The National Federation of Business and Professional Women's Clubs, Inc./USA has set aside and designated the month of March to be National Women's History Month throughout the United States of America and has invited and encouraged member clubs across the country to participate in the month's programs and activities; and

(Recorded in Proclamation/Resolution Book No. 2, Page 186)

Motion was made by Councilman Klepfel, second by Councilman Morgan, to approve the March 2005 Women's History Month Proclamation. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

B. Signature Authorization WV DEP - SRF Loan Resolution:

RESOLUTION
SIGNATURE AUTHORIZATION
WHEREAS, the City of Grafton was awarded a SRF Loan from West Virginia DEP to design the improvements to the Wastewater Treatment Plant and Collection System, and

(Recorded in Proclamation/Resolution Book No. 2 - Page 187)

Motion was made by Councilman Mason, second by Councilman Morgan, to approve the Signature Authorization WV DEP - SRF Loan Resolution. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

C. Certification of Recognition City Clerk/Finance Director:

Certificate of Recognition was presented to City Clerk/Finance Director Larry M. Richman from Mayor G. Thomas Bartlett, III, and the Grafton City Council, for recognition of sixteen years of service to the City of Grafton. Said Certificate recorded in Miscellaneous Book No. 1.

10. UNFINISHED BUSINESS

A. First Reading Ordinance No. 731 Sewer Rates Increased:

Approval of the first reading of Ordinance No. 731 (Sewer Rates Increased) was authorized during the Council meeting, February 15, 2004. Inadvertently a portion of said Ordinance No. 731 was deleted and was not part of the ordinance during the said first reading, February 15, 2005. Steptoe & Johnson, Attorneys At Law, has recommended scheduling another first reading, March 1, 2005.

The short reading of Ordinance No. 731 was read by the Clerk as follows:

ORDINANCE NO. 731

CITY OF GRAFTON
AN ORDINANCE AMENDING AND REPEALING ORDINANCES NOS. 188, 334, 390, 435, 515, 575, 667, 677 AND 683 THE CITY OF GRAFTON SEWER RATES 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

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to approve the first reading of Ordinance No. 731. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. 2005 Street Paving:

The 2005 Street Paving schedule was discussed and reviewed. City Manager will prepare final street paving schedule with the estimated paving cost per street and submit to Council for final review and approval.

C. Purchase Sewer Department Truck:

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the request to purchase a new Sewer Department Truck, replacement for Truck No. 13, description as a State Contract Class 19 Deleting DOH Package, 2500 Regular Cab 4x4 Year 2005 Truck, from Country Club Chrysler Dodge, Clarksburg, West Virginia, at the bid price of $28,453.00. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

11. NEW BUSINESS

A. Payment of Bills:

1. Regular 2004-2005 Budgetary Bills - Year Listing No. 15

Bluemont Cemetery Fund	$	1,302.09
General Fund	$	64,373.19
Water Operations Fund	$	80,637.38
Sewer Service Fund	$	16,834.91
Total	$	163,147.57

Motion was made by Councilman Mason, second by Councilman Klepfel, to pay the Regular Bills, March 1, 2005, in the amount of $163,147.57. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. Presentation 2003-2004 Pension Funds Finance Statements:

1. Police Pension & Relief Fund

The 2003-2004 Financial Report/Statement for the City of Grafton Police Pension & Relief Fund, was submitted, a requirement of the State of West Virginia, for review and the presentation of said statement to council is to be certified by the City Manager, chairperson of the Police Pension Board of Trustees, before release of the allocated funds from the State to the City. The City of Grafton Police Pension & Relief Fund will receive $51,265.96 from the West Virginia State Insurance Premium Tax Fund for fiscal year 2004-2005.

2. Firemen's Pension & Relief Fund

The 2003-2004 Financial Report/Statement for the City of Grafton Firemen's Pension & Relief Fund, was submitted, a requirement of the State of West Virginia, for review and the presentation of said statement to council is to be certified by the City Manager, chairperson of the Firemen's Pension Board of Trustees, before release of the allocated funds from the State to the City. The City of Grafton Firemen's Pension & Relief Fund will receive $43,914.14 from the West Virginia State Insurance Premium Tax Fund for fiscal year 2004-2005.

C. Bids To Sell City Hall Used Y2K Generator:

Request from Fire Chief/Building Inspector R. Wayne Beall to consider advertising the sale of the used generator, located on the top parking deck of the municipal building, purchased to accommodate the municipal building during year 1999 as part of the possible Y2K emergency, and to use the funds realized from the sale of said generator to adapt the generating needs of the municipal building to be served from the use of the new generator, also purchased as part of the possible Y2K emergency in the Water Operations system, and is located in the Bluemont Salt Garage.

Motion was made by Councilman Morgan, second by Councilman Klepfel, to advertise the sale of the used generator, located on the top parking deck of the municipal building, purchased during year 1999 as part of the possible Y2K emergency. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

D. Excuse Mayor Bartlett from the March 15, 2005 and April 5, 2005 Meetings: Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to excuse Mayor Bartlett from the March 15, 2005 Regular Council Meeting and the April 5, 2005 Regular Council Meeting while he is on vacation in Hawaii. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; and Hines: Yes. Motion Carried. Mayor Bartlett abstained from voting.

12. CITIZENS VOICE

A. David D. Cox, RR 1, Box 90A:

Addressed issues and requested financial assistance from the City of Grafton regarding sewer service connection for his newly created retail business, Bakers Nook and Cafe, he plans to open, if he is granted a sewer service connection to the City of Grafton's Sewer system. City Attorney is to examine said request and West Virginia Public Service Commission rules regarding financial participation from a municipality.

13. EXECUTIVE SESSION

Motion was made by Councilman Mason, second by Councilman Klepfel, to enter into an Executive Session at 8:07 p.m. to discuss legal issues. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

Council back into Regular Session at 10:03 p.m. The Mayor stated while in Executive Session legal Issues were discussed and no action will be taken at this time.

14. COUNCIL MEMBER'S HEARING

15. ADJOURNMENT

Mayor Bartlett adjourned the meeting at 10:50 p.m.

G. Thomas Bartlett, III
Mayor

ATTEST:

Larry M. Richman
City Clerk

City Manager's Report
March 1, 2005

State Development Grant – I am currently working to make application to the State of West Virginia State Historic Preservation Office for a State Development Grant to replace the roof of the Historic Dollar General Store (J. C. Penney Building).

American Newsstand – The employees from the Department of Public Works will be finished this week on the renovation of the American Newsstand Building and the Radio Station will be able to move in the building after this week pending Adelphia installs the fiber into the building for Channel 15.

Welcome Sign – The city is currently working on constructing another "Welcome to Grafton" sign for U S 119 South. This sign is being made by a company in Elkins.

Weekly Legislative Report – Enclosed is a legislative report for last week. I would be more than willing to go over any of the items in this report.

Western Auto Revitalization – Currently we are awaiting Equitable Gas Company to install the tap so we can get heat in the building. All drywall has been hung and one side the drywall is finished. One furnace and ductwork has also been installed. Once there is heat in the building it should only take a couple weeks to have one business in operation, and the remaining business within a few weeks following.

Farmer's Market – I will give an update on the information I have obtained so far.

ORDINANCE NO. 705

AN ORDINANCE INCREASING AND ESTABLISHING JUST AND EQUITABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF GRAFTON, WEST VIRGINIA, FOR THE PURPOSE OF MEETING THE COSTS OF PROVIDING THESE SERVICES, INCLUDING BUT NOT LIMITED TO, OPERATIONS, MAINTENANCE OF THE WATER WORKS SYSTEM AND METERING

WHEREAS, it is necessary that just and equitable rates and charges be established for the use and services rendered by the water system of the City of Grafton in order to produce necessary revenues for expenses of operation, repair, and maintenance of said system.

AND WHEREAS, as recommended to the Council of the City of Grafton and in the judgment of the Council of the City of Grafton, it is necessary to modify the following rates and charges rendered by the water system of the City of Grafton.

AND WHEREAS, the City of Grafton having concluded that when said rate and charge increases take effect the consequence will precipitate a diametric increase as to forestall a deficit position on behalf of the City of Grafton.

NOW THEREFORE, THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS THAT:

A schedule of just and equitable rates or charges for use of and services by the water system of the City of Grafton be, and the same hereby is, established as follows:

MINIMUM CHARGES PER MONTH APPLICABLE TO ALL METERED SERVICE SHALL BE AS FOLLOWS:

RATE SCHEDULE 1

FIRST	10,000 gallons used per month $4.83 per 1,000 gallons;
NEXT	20,000 gallons used per month $3.92 per 1,000 gallons;
NEXT	30,000 gallons used per month $2.37 per 1,000 gallons;
ALL OVER	60,000 gallons used per month $1.98 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	$ 9.66 per month;
3/4	inch meter	$ 10.86 per month;
1	inch meter	$ 18.11 per month;
1 ½	inch meter	$ 36.21 per month;
2	inch meter	$ 57.93 per month;
3	inch meter	$108.62 per month;
4	inch meter	$181.04 per month;
6	inch meter	$362.08 per month;

TAP FEE

5/8 to 1	inch service line	$ 275.00;
1 ½	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;

A TRUE COPY FROM THE RECORD: ORDINANCE NO. 705 (ORDINANCE BOOK NO. 4, PAGE 242-244).

LARRY M. RICHMAN – CITY CLERK

TESTING OR RE-READING OF WATER METER
$8.00

RECONNECTION
$25.00

RATE SCHEDULE 2
ALL NON-METERED SERVICE

RATE

Domestic service: ..... $13.49 per month per customer;
Commercial service: ..... $29.34 per month per customer;

RATE SCHEDULE 3

PUBLIC AND PRIVATE FIRE PROTECTION

RATE	MONTHLY
Fire hydrants, each	$10.00;
Sprinkler Heads (600 Heads or Less)	$10.00;
Additional Sprinkler Heads, each	$ 1.70;
Hose Connections for Fire Use Only	
2 ½ inch openings or less, each	$ 5.05;

MINIMUM CHARGE
One Hundred Twenty Dollars ($120.00) per annum;

RATE SCHEDULE 4

TRANSPORTATION CHARGE

RATE

$0.15 per 1,000 gallons -	Southwestern Public Service District;
$0.35 per 1,000 gallons -	Haymond Public Service District, Mountain View Water Association, and the area which was formerly known as the Thornton Public Service District which is now served by the Taylor County Public Service District;
$0.15 per 1,000 gallons -	The area which was formerly known as the Knottsville Public Service District which is now served by the Taylor County Public Service District;

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received by the City of Grafton for the herein stated rates is returned by the bank or financial institution for any reason, including but not limited to insufficient funds, the customer or party who issued said check shall be charged an additional "returned check fee" of $15.00 per returned check.

AMENDMENT AND MODIFICATION PROVISION

This Ordinance shall amend and modify all provisions of any prior Ordinance or Resolution inconsistent with the specific provisions of this Ordinance, and all specific provisions of Ordinances - including but not necessarily limited to, Ordinance Nos. 582, 598, 647, and 652 - which are specifically inconsistent with this Ordinance are hereby repealed. Moreover, Ordinance No. 703 is hereby repealed.

ORDINANCE NO. 705
Page 3

The foregoing Ordinance was duly and regularly adopted at a meeting of the Council of the City of Grafton held on the 17th day of September, 2002, after due notice, publication, and hearing thereon in the manner prescribed by law.

This Ordinance shall become effective 45 days after its adoption by the City of Grafton, on the 1st day of November, 2002.

HONORABLE JEFFERY L. TANSILL
Mayor, City of Grafton

Attest:
LARRY M. RICHMAN
City Clerk

First Reading: September 3, 2002

Second Reading: September 17, 2002

Public Reading: September 17, 2002

Passage: September 17, 2002

Publication Dates: September 6, 2002
September 13, 2002

Ordinance Prepared By:
Hunter B. Mullens
City Attorney

ORDINANCE NO. 710

AN ORDINANCE TO AMEND ORDINANCE 705, WITHDRAWING CERTAIN LANGUAGE REGARDING A TRANSPORTATION CHARGE.

WHEREAS, it is necessary to amend certain language of Ordinance 705.

NOW THEREFORE, THE COUNCIL OF THE CITY OF GRAFTON HEREBY ORDAINS THAT THE FOLLOWING BOLDED LANGUAGE BE REMOVED FROM RATE SCHEDULE 3 OF ORDINANCE 705.

RATE SCHEDULE 3

PUBLIC AND PRIVATE FIRE PROTECTION

RATE	MONTHLY
Fire hydrants, each	$10.00;
Sprinkler Heads (600 Heads or Less)	$10.00;
Additional Sprinkler Heads, each	$ 1.70;
Hose Connections for Fire Use Only	
2 ½ inch openings or less, each	$ 5.05;

MINIMUM CHARGE

One Hundred Twenty Dollars ($120.00) per annum;

TRANSPORTATION CHARGE

RATE

$0.15 per 1,000 gallons-	Southwestern Public Service District;
$0.35 per 1,000 gallons-	Haymond Public Service District, Mountain View Water Association, and the area which was formerly known as the Thornton Public Service District which is now served by the Taylor County Public Service District;
$0.15 per 1,000 gallons-	**The area which was formerly known as the Knottsville Public Service District which is now served by the Taylor County Public Service District;**

The foregoing Ordinance to amend Ordinance 705 was duly and regularly adopted at a meeting of the Council of the City of Grafton held on 1st day of April, 2003, after due notice, publication, and hearing thereon in the manner prescribed by law.

HONORABLE JEFFERY L. TANSILL
Mayor, City of Grafton

Attest:
LARRY M. RICHMAN
City Clerk

A TRUE COPY FROM THE RECORD: ORDINANCE NO. 710 (ORDINANCE BOOK NO. 4, PAGE 281-282).

LARRY M. RICHMAN – CITY CLERK

First Reading: March 18, 2003

Second Reading: April 1, 2003

Public Hearing: April 1, 2003

Passage: April 1, 2003

Publication Dates: March 21, 2003

March 28, 2003

Ordinance Prepared By:
Gregory E. Behan
City Attorney

PAID

OCT - 1 2002

CK W-353

$ 31.40

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WV 26354
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 09/16/2002

Account # 802
CITY OF GRAFTON
1 W MAIN ST
GRAFTON, WV 26354

INVOICE # 8948 AMOUNT REMITTED $

RE: ORDINANCE NO 705

INSERTION DATES: 9/6, 9/13/02

AMOUNT DUE: $29.40 PLUS $2 Aff. Fee #31.40

Water 525-9210

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 # 8948 was published once a week for two weeks in said Mountain Statesman newspaper as aforesaid, commencing on the September 6, 2002

Given under my hand this September 16, 2002

Jean M Ellerman Publisher

Printers fee $

West Virginia, Taylor County, To Wit:
Subscribed and sworn to before me this

September 16, 2002

Monica G Robinson Notary Public

My Commission Expires October 15, 2007

LEGAL

CLASS II LEGAL NOTICE
ORDINANCE NO. 705
AN ORDINANCE INCREASING AND ESTABLISHING JUST AND EQUITABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF GRAFTON, WEST VIRGINIA, FOR THE PURPOSE OF MEETING THE COSTS OF PROVIDING THESE SERVICES, INCLUDING - BUT NOT LIMITED TO, OPERATIONS, MAINTENANCE OF THE WATER WORKS SYSTEM AND METERING.
Copies of Ordinance No. 705 are available upon request from the Office of the City Clerk/Finance Director, Grafton Municipal Building, 1 W. Main St., Grafton, WV 26354. Grafton City Council will conduct the second reading and public hearing, at which time persons may appear and be heard, on Ordinance No. 705 at the regular meeting of the Grafton City Council on Tuesday, September 17, 2002, at 6:30 p.m. in the Council Chamber, Grafton Municipal Building, 1 W. Main St., Grafton, WV 26354.
Larry M. Richman
City Clerk
LEGAL 8948
9/6, 9/13

10 -- Mountain Statesman, Friday, September 6, 2002

LEGAL

CLASS II LEGAL NOTICE
ORDINANCE NO. 705
AN ORDINANCE INCREASING AND ESTABLISHING JUST AND EQUITABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF GRAFTON, WEST VIRGINIA, FOR THE PURPOSE OF MEETING THE COSTS OF PROVIDING THESE SERVICES, INCLUDING BUT NOT LIMITED TO, OPERATIONS, MAINTENANCE OF THE WATER WORKS SYSTEM AND METERING

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Larry M. Richman
City Clerk
LEGAL 8948
9/6, 9/13

4-B -- Mountain Statesman, Friday, September 13, 2002

LEGAL

CLASS II LEGAL NOTICE
ORDINANCE NO. 705
AN ORDINANCE INCREASING AND ESTABLISHING JUST AND EQUITABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF GRAFTON, WEST VIRGINIA, FOR THE PURPOSE OF MEETING THE COSTS OF PROVIDING THESE SERVICES, INCLUDING BUT NOT LIMITED TO, OPERATIONS, MAINTENANCE OF THE WATER WORKS SYSTEM AND METERING

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Larry M. Richman
City Clerk
LEGAL 8948
9/6, 9/13

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WV 26354
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 02/21/2003

Account # 802
City of Grafton
1 W Main Street
Grafton, WV 26354

INVOICE # 9058 AMOUNT REMITTED $

RE: Public Notice Of Change in Water Rates of The City of Grafton
INSERTION DATES: 2/5, 2/12/03

101.23

AMOUNT DUE: $99.23 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

525-92/10

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 # 9058 was published once a week for two weeks in said Mountain Statesman newspaper as aforesaid, commencing on the February 5, 2003

Given under my hand this February 21, 2003

Jean M Ellerman Publisher

Printers fee $

West Virginia, Taylor County, To Wit:
Subscribed and sworn to before me this

February 21, 2003

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

Mountain Statesman, Wednesday, February 12, 2003

LEGAL

PUBLIC NOTICE OF CHANGE IN WATER RATES
OF CITY OF GRAFTON

NOTICE is hereby given that the City of Grafton on September 17, 2002 (the "City") has adopted an ordinance increasing rates and charges for furnishing water service to its customers.

The proposed increased rates and charges will become effective on April 25, 2003, unless otherwise ordered by the Public Service Commission (the "Commission") and will produce approximately $126,582.00 annually, in additional revenue, an increase of 17.75%. The increased rates will be as follows:

RATE SCHEDULE 1

FIRST	10,000 gallons used per month $4.83 per 1,000 gallons;
NEXT	20,000 gallons used per month $3.92 per 1,000 gallons;
NEXT	30,000 gallons used per month $2.37 per 1,000 gallons;
ALL OVER	60,000 gallons used per month $1.98 per 1,000 gallons;

Resale customers: NONE.

The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential	$ 3.29	17.75%
Commercial	$35.17	17.75%
Industrial	$ 3.66	17.75%
Resale	$ .00	.00%

Other: Transportation Fees $.05 to Haymond PSD; Mountain View Water Association, and the former Thornton PSD, now served by Taylor County PSD; New rate of $.15 per 1,000 gallons to the former Knottsville PSD, now served by Taylor County PSD.

The Minimum Bill shall be increased from 1500 gallons to 2000 gallons; $6.15 per month to $9.66 per month, a 54.07% increase in minimum billing, 17.75% increase in billing per gallon.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, and their agents at any of the following office of the utility.

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

LEGAL 9058
2/5, 2/12

Mountain Statesman, Wednesday, February 5, 2003

LEGAL

PUBLIC NOTICE OF CHANGE IN WATER RATES OF
CITY OF GRAFTON

NOTICE is hereby given that the City of Grafton on September 17, 2002 (the "City") has adopted an ordinance increasing rates and charges for furnishing water service to its customers.

The proposed increased rates and charges will become effective on April 25, 2003, unless otherwise ordered by the Public Service Commission (the "Commission") and will produce approximately $126,582.00 annually in additional revenue, an increase of 17.75%. The increased rates will be as follows:

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LEGAL 9058
2/5, 2/12

Mountain Statesman, Friday, March 21, 2003

LEGAL

ORDINANCE NO. 710
AN ORDINANCE TO AMEND
ORDINANCE NO 705,
WITHDRAWING CERTAIN
LANGUAGE REGARDING
A TRANSPORTATION CHARGE
Copies of Ordinance No. 710 are available upon request from the Office of the City Clerk/Finance Director, Grafton Municipal Building, 1 W. Main St., Grafton, WV 26354.

Grafton City Council will conduct the second reading and public hearing on Ordinance No. 710 at the regular council meeting, on Tuesday, April 1, 2003, at 6:30 p.m. in the Council Chamber, Grafton Municipal Building, 1 W. Main St., Grafton, WV 26354.

Larry M. Richman
City Clerk

LEGAL 9119
3/21, 3/28

Mountain Statesman, Friday, March 28, 2003

LEGAL

ORDINANCE NO. 710
AN ORDINANCE TO AMEND
ORDINANCE NO 705,
WITHDRAWING CERTAIN
LANGUAGE REGARDING
A TRANSPORTATION CHARGE
Copies of Ordinance No. 710 are available upon request from the Office of the City Clerk/Finance Director, Grafton Municipal Building, 1 W. Main St., Grafton, WV 26354.

Grafton City Council will conduct the second reading and public hearing on Ordinance No. 710 at the regular council meeting, on Tuesday, April 1, 2003, at 6:30 p.m. in the Council Chamber, Grafton Municipal Building, 1 W. Main St., Grafton, WV 26354.

Larry M. Richman
City Clerk

LEGAL 9119
3/21, 3/28

Agenda & Index to Minutes
2002-2003 Year: Regular Meeting Number 17
Grafton City Council
Tuesday, March 18, 2003 - 6:30 p.m.

1. CALL TO ORDER
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. ROLL CALL
5. SET COUNCIL AGENDA
6. MINUTES OF REGULAR COUNCIL MEETING MARCH 4, 2003
   MINUTES OF EMERGENCY COUNCIL MEETING MARCH 13, 2003
7. CITY MANAGER'S REPORT
   - A. West Virginia Make It Shine Award
   - B. W. R. Loar Photographs
8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD REPORTS
   - A. Local Economic Development Assistance Program
   - B. William B. Boyle, Jr., Gills, Guard, and Johnson (GGJ)
   - C. Financial Report
   - D. History Grafton/Taylor County
   - E. Current Family Origin
   - F. Letter from Senator Sarah Minear
   - G. Solid Waste Garbage Report
   - H. Taylor County Public Service District Minutes
9. PROCLAMATIONS AND RESOLUTIONS
   - A. Scott Gemberling Day Proclamation
   - B. Governor's Community Partnership Grant (Bluemont Cemetery Jarvis Family Burial Site) Resolution
   - C. Governor's Community Partnership Grant (Grafton City Park/Fetterman Park) Resolution
   - D. Governor's Community Partnership Grant (New Sidewalks/Street Lights) Resolution
   - E. Governor's Community Partnership Grant (Grafton Volunteer Fire Department) Resolution
10. OLD BUSINESS
    - A. Open Bids Maple Avenue/Grand Street Sewer Cleaning
    - B. Jolliffe Building Lease
    - C. First Reading Ordinance No. 709 Zoning Variance
    - D. First Reading Ordinance No. 710 Amending Ordinance No. 705
11. NEW BUSINESS
    - A. Payment of Bills
      1. Regular 2002-2003 Budgetary Bills - Year Listing No. 18
      2. WVU Loar Collection Processing Bill - One Time Listing

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, MARCH 18, 2003, EIGHT PAGES (MINUTE BOOK NO. 20, PAGES 435-442).

LARRY M. RICHMAN – CITY CLERK

B. Public Hearing 2003-2004 General Fund & Coal Severance Fund Budgets
C. Adoption 2003-2004 General Fund & Coal Severance Fund Budgets
D. Adoption 2003-2004 Bluemont Cemetery, Water, Sewer Fund Budgets
E. Building Inspector Car Replacement

12. CITIZENS VOICE
13. COUNCIL MEMBER'S HEARING
14. EXECUTIVE SESSION
15. ADJOURNMENT

Regular Meeting Grafton City Council
Tuesday, March 18, 2003 - 6:30 p.m.
City Council Chambers

1. CALL TO ORDER

Mayor Tansill called the meeting to order at 6:30 p.m.

2. INVOCATION

The invocation was given by Councilman Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Vice Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor Jeffery Tansill, Vice Mayor G. Thomas Bartlett, III, Councilman Immanuel "Joe" Hines, and Councilman Robert Klepfel. Also present: City Manager Kevin Stead, City Attorney Gregory Behan, Fire Chief/Building Inspector Wayne Beall, Code Enforcement Officer Fred Ford, and City Clerk/Finance Director Larry Richman. Councilman James Morgan did not attend.

5. SET COUNCIL AGENDA

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the agenda as submitted by the City Manager. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes, and Tansill: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING MARCH 4, 2003 MINUTES OF EMERGENCY COUNCIL MEETING MARCH 13, 2003

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the minutes of the March 4, 2003 Regular Council Meeting and the minutes of the March 13, 2003 Emergency Council Meeting. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

A. West Virginia Make It Shine Award: Mayor Tansill, Vice Mayor Bartlett, and the City Manager attended the Annual Governor's Conference on Environmental Education & Litter Control Banquet, held in Charleston, Monday, March 17, 2003. Copy of the 2003 West Virginia Make It Shine Community Award certificate, dated March 10, 2003, signed by Governor Bob Wise, submitted, attachment #1.

B. W. R. Loar Photographs: Fifty-seven (57) photograph prints from the W. R. Loar Collection, West Virginia University, have been reproduced and will be added to the City of Grafton's photograph collection currently on display at the Mother's Day Shrine.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Local Economic Development Assistance Program:
Letters and Grant Award Certificates, March 3, 2003, indicating the City of Grafton as recipient of the following funding: $8,000.00 Bluemont Cemetery-Jarvis Lot; $12,000.00 Grafton City Park/Fetterman Park; $10,000.00 New Sidewalks/Street Lights-Mother's Day Shrine area; and $10,000.00 Grafton Volunteer Fire Department.

B. William B. Boyle, Jr., Gills, Guard, and Johnson, Inc. (GGJ):
Mr. Boyle reported on issues relating to (1) cleaning the Maple Avenue and Grand Street sewer lines; (2) proposal for Soil Boring at the Wastewater Treatment Plant and Soil Boring beneath the CSX Railroad property; and (3) discussed the upcoming meeting with the West Virginia Department of Environmental Protection (DEP), regarding the City of Grafton's Special Appropriation Grant (Sewer System), scheduled for March 25, 2003, 1:30 p.m.

C. Financial Report:
February 2003 City of Grafton Financial Report submitted.

D. History Grafton/Taylor County:
The West Virginia Public Affairs Reporter, Winter/Spring 2003, "The Early History of North-Central West Virginia" by Robert Jay Dilger, pages 24-25.

E. Current Family Origin:
Data regarding the Current Family, who first settled in what is now Grafton and established a 1005 acre plantation called "Bluemont Plantation."

F. Letter from Senator Sarah Minear:
March 10, 2003, regarding future WV Budget Digest funding request.

G. Solid Waste Garbage Report:
March 3-14, 2003, West Side area and Fetterman area solid waste garbage pick up service.

H. Taylor County Public Service District Minutes:
January 7, 2003 Regular Meeting submitted.
January 8, 2003 Special Meeting submitted.
January 17, 2003 Special Meeting submitted.
February 3, 2003 Regular Meeting submitted.

9. PROCLAMATIONS AND RESOLUTIONS

A. Scott Gemberling Day Proclamation:

PROCLAMATION

"Scott Gemberling Day"
In the City of Grafton

WHEREAS, the City of Grafton is honored to be the location of the annual Grafton Five-Mile Run for the past 28 years, and this race encourages sportsmanship, physical fitness and personal achievement, and

(Recorded in Proclamation/Resolution Book No. 2 - Page 86)

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, to approve the Scott Gemberling Day Proclamation. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

B. Bluemont Cemetery Governor's Community Partnership Grant:

RESOLUTION

Bluemont Cemetery - Jarvis Family Burial Site

WHEREAS, the Grafton City Council has determined improvements for the burial site of Granville Jarvis and his family at Bluemont Cemetery are necessary; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 88)

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the Bluemont Cemetery Governor's Community Partnership Request Resolution. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

C. City Park/Fetterman Park Governor's Community Partnership Grant:

RESOLUTION

Grafton City Park and Fetterman Park

WHEREAS, the Grafton City Council has determined improvements are needed at the Grafton City Park and the Fetterman Park; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 89)

Motion was made by Councilman Hines, second by Councilman Klepfel, to approve the Grafton City Park/Fetterman Park Governor's Community Partnership

Request Resolution. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

D. New Sidewalks/Street Lights Governor's Community Partnership Grant:

RESOLUTION

New Sidewalks/Street Lights

WHEREAS, the Grafton City Council has determined new sidewalks and street lights are needed in the downtown Grafton; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 90)

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the New Sidewalks/Street Lights Governor's Community Partnership Request Resolution. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

E. Volunteer Fire Department Governor's Community Partnership Grant:

RESOLUTION

Grafton Volunteer Fire Department Equipment/Uniforms

WHEREAS, the Grafton City Council has determined new fire protection equipment and uniforms are needed for the Grafton Volunteer Fire Department; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 91)

Motion was made by Councilman Klepfel, second by Vice Mayor Bartlett, to approve the Grafton Volunteer Fire Department Governor's Community Partnership Request Resolution. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

10. OLD BUSINESS

A. Open Bids Maple Avenue/Grand Street Sewer Cleaning:

Three bids received for the cleaning and televising inspection of the Sewer lines on Maple Avenue and Grand Street. The bids were opened by Mayor Tansill and the bidding was as follows:

1.	Insight Pipe Contracting 344 Little Creek Road Harmony, Pennsylvania 16037	$ 198,815.00
2.	Lake County Sewer 32900 Lakeland Blvd. Willowick, Ohio 44095	$ 100,194.04
3.	Robinson Pipe Cleaning Co. One Rainey Road Eighty Four, Pennsylvania 15330	$ 350,805.00

B. Jolliffe Building Lease Resolution:

RESOLUTION
Jolliffe Building Lease

Whereas, the Grafton City Council has determined that a lease between the Taylor County Historical and Genealogical Society, hereinafter referred to as "Historical Society" and the City of Grafton, hereinafter referred to as "City" for the Jolliffe building would benefit the citizens of Grafton by providing the invaluable service of preserving and educating said citizens of the munificent history and culture of the City of Grafton.

Motion was made by Councilman Hines, no second. Vice Mayor Bartlett recuse himself from discussion/action as he is a member of the Taylor County Historical & Genealogy Society. Resolution tabled until the next meeting, April 1, 2003.

C. First Reading Ordinance No. 709 Zoning Variance:
The short reading of Ordinance No. 709 was read by the Clerk as follows:

ORDINANCE NO. 709

AN ORDINANCE GRANTING A USE VARIANCE
FOR THE PROPERTY NOW
KNOWN AS "GRAFTON MANUFACTURED HOMES"

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the first reading of Ordinance No. 709. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

D. First Reading Ordinance No. 710 Amending Ordinance No. 705:
The short reading of Ordinance No. 710 was read by the Clerk as follows:

ORDINANCE NO. 710

AN ORDINANCE TO AMEND ORDINANCE NO. 705,
WITHDRAWING CERTAIN LANGUAGE
REGARDING A TRANSPORTATION CHARGE

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the first reading of Ordinance No. 710. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

11. NEW BUSINESS:

A. Payment of Bills:
1. Regular 2002-2003 Budgetary Bills - Year Listing No. 18

Bluemont Cemetery Fund	$	443.76
General Fund	$	24,885.23
Water Operations Fund	$	15,353.17
Sewer Service Fund	$	15,998.92
Total	$	56,681.08

Motion was made by Councilman Hines, second by Councilman Klepfel, to pay the Regular Bills, March 18, 2003, in the amount of $56,681.08. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

2. WVU Loar Collection Photograph Bill - One Time Listing

WV University Special Services	$	549.15
Total	$	549.15

Motion was made by Councilman Klepfel, second by Councilman Hines, to pay the Loar Collection Photograph Bill from West Virginia University in the amount of $549.15. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

B. Public Hearing 2003-2004 General Fund & Coal Severance Fund Budgets:

Mayor opened the floor to anyone wishing to speak for or against the proposed 2003-2004 budgets for the General Fund and Coal Severance Fund. No one spoke; the public hearing was closed.

C. Adoption 2003-2004 General Fund & Coal Severance Fund Budgets:

Motion was made by Councilman Klepfel, second by Councilman Hines, for the adoption of the 2003-2004 General Fund and 2003-2004 Coal Severance Fund Budgets (Ordinance Number 708). Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

D. Adoption 2003-2004 Bluemont Cemetery, Water, Sewer Budgets:

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, for the adoption of the 2003-2004 Bluemont Cemetery Fund, Water Operations and Maintenance Fund, and Sewer Service Fund Budgets. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

E. Building Inspector Car Replacement:

Discussed was the replacement of the transmission in the1994 Ford Taurus Building Inspector Car. Replacement cost: rebuilt transmission $1,800.00; new transmission $2,400.00. Council requested Fire Chief/Building Inspector Wayne Beall to secure pricing for a used car and make report at the next Council meeting.

12. CITIZENS VOICE

No one registered to speak.

13. EXECUTIVE SESSION

Motion was made by Councilman Klepfel, second by Vice Mayor Bartlett, to enter into an Executive Session at 8:07 p.m. to discuss legal issues. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes, and Tansill: Yes. Motion Carried.

Council back into regular session at 9:50 p.m. The Mayor stated while in Executive Session legal issues were discussed, no action will be taken at this time.

14. COUNCIL MEMBER'S HEARING

Vice Mayor Bartlett:

Submitted a design for a possible official City of Grafton seal: a "line drawing" of the Andrews Methodist Episcopal Church building, now the International Mother's Day Shrine, with the inscription "Seal of the City of Grafton" circling the church building with year 1856 at the bottom, year the City of Grafton was chartered by the State of Virginia. Consensus, design proposal to be put on the agenda at the next meeting, April 1, 2003.

Also proposed asking students from Grafton High School to submit designs for an official "150th Anniversary Seal" to be used in conjunction with Grafton's upcoming sesquicentennial in year 2006.

15. ADJOURNMENT

Mayor Tansill declared the meeting adjourned at 10:24 p.m.

Jeffery L. Tansill
Mayor

ATTEST:

Larry M. Richman
City Clerk

Agenda & Index to Minutes
2002-2003 Year: Regular Meeting Number 18
Grafton City Council
Tuesday, April 1, 2003 - 6:30 p.m.

1. CALL TO ORDER
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. ROLL CALL
5. SET COUNCIL AGENDA
6. MINUTES OF REGULAR COUNCIL MEETING MARCH 18, 2003
7. CITY MANAGER'S REPORT
   - A. Yellow Bows/Main Street
8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD REPORTS
   - A. Solid Waste Garbage Report
   - B. Grafton City Hospital Board Minutes
   - C. Letter from Fire Chief/Building Inspector Wayne Beall
   - D. Water Loss Report
   - E. Police Department Report
   - F. Water Meter Report
   - G. Fire Department Report
9. PROCLAMATIONS AND RESOLUTIONS
10. OLD BUSINESS
    - A. City of Grafton "City Seal"
    - B. Public Hearing Ordinance No. 709 Zoning Variance
    - C. Second Reading Ordinance No. 709 Zoning Variance
    - D. Public Hearing Ordinance No. 710 Amending Ordinance No 705
    - E. Second Reading Ordinance No. 710 Amending Ordinance No. 705
    - F. 2002 Street Paving
11. NEW BUSINESS
    - A. Payment of Bills
      1. Regular 2002-2003 Budgetary Bills - Year Listing No. 19
      2. 2000 Small Cities Block (Houses) Grant Bill - Listing No. 4
      2. 2001 Small Cities Block (Sewer) Grant Bill - Listing No. 2
    - B. 2003 STAG Grant Administration
    - C. 1993 John Deere Street Department Backhoe Repairs
    - D. Bluemont Area Sewer Project Bore Testing
12. CITIZENS VOICE
    - A. Ronald E. Arnold, 141 High Street
13. COUNCIL MEMBER'S HEARING
14. EXECUTIVE SESSION
15. ADJOURNMENT

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, APRIL 1, 2003,
SEVEN PAGES (MINUTE BOOK NO. 20, PAGES 433-449).

LARRY M. RICHMAN - CITY CLERK

Regular Meeting Grafton City Council
Tuesday, April 1, 2003 - 6:30 p.m.
City Council Chambers

1. CALL TO ORDER

Mayor Tansill called the meeting to order at 6:30 p.m.

2. INVOCATION

The invocation was given by Councilman Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Vice Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor Jeffery Tansill, Vice Mayor G. Thomas Bartlett, III, and Councilman Immanuel "Joe" Hines. Also present: City Manager Kevin Stead, City Attorney Gregory Behan, Fire Chief/Building Inspector Wayne Beall, and City Clerk/Finance Director Larry Richman. Councilman Robert Klepfel and Councilman James Morgan did not attend.

5. SET COUNCIL AGENDA

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to approve the agenda as submitted by the City Manager. Roll call vote: Hines: Yes; Bartlett: Yes, and Tansill: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING MARCH 18, 2003

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to approve the minutes of the March 18, 2003 Regular Council Meeting. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

A. Yellow Bows/Main Street: Yellow bows have been place on all the parking meters on Main Street, in support of all the soldiers participating in the war effort in Iraq. This endeavor has been sponsored jointly by the City of Grafton and the (BPW) Business and Professional Women's Club.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Solid Waste Garbage Report:
March 17-31, 2003, West Side, South Side, Fetterman, Downtown, and Blueville areas.

B. Grafton City Hospital Board Minutes:
January 27, 2003 Board of Trustees Minutes submitted.

C. Letter from Fire Chief/Building Inspector Wayne Beall:
March 31, 2003, regarding the replacement of the Building Inspector car.

D. Water Loss Report:
March 2003 Report submitted.

E. Police Department Report:
January 1, 2003 through March 31, 2003 Police Department report submitted.

F. Water Meter Report:
March 2003 Water Meter Replacement Report submitted.

G. Fire Department Report:
March 2003 Fire Department Report submitted.

9. PROCLAMATIONS AND RESOLUTIONS

None

10. OLD BUSINESS

A. City of Grafton "City Seal":
Copies of a proposed "City of Grafton Seal" was reviewed. Action for approval was tabled until the next Council meeting, April 15, 2003, since only three council members were in attendance.

B. Public Hearing Ordinance No 709 Zoning Variance:
The Mayor opened the floor to anyone wishing to speak for or against Ordinance No. 709. Sarah L. Thayer, 627 Maple Avenue, endorsed the passage of the ordinance. No other citizen spoke and the Mayor ordered the Public Hearing closed.

C. Second Reading Ordinance No. 709 Zoning Variance:
The short reading of Ordinance No. 709 was read by the Clerk as follows:

ORDINANCE NO. 709

AN ORDINANCE GRANTING A USE VARIANCE
FOR THE PROPERTY NOW
KNOWN AS "GRAFTON MANUFACTURED HOMES"

(Recorded in Ordinance Book Number 4 - Page 278)

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, to approve the second reading and passage of Ordinance No. 709. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

D. Public Hearing Ordinance No 710 Amending Ordinance No. 705:
The Mayor opened the floor to anyone wishing to speak for or against Ordinance No. 710. No one spoke and the Mayor ordered the Public Hearing closed.

E. Second Reading Ordinance No. 710 Amending Ordinance No. 705:
The short reading of Ordinance No. 710 was read by the Clerk as follows:

ORDINANCE NO. 710

AN ORDINANCE TO AMEND ORDINANCE NO. 705,
WITHDRAWING CERTAIN LANGUAGE
REGARDING A TRANSPORTATION CHARGE

(Recorded in Ordinance Book Number 4 - Page 280)

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to approve the second reading and passage of Ordinance No. 710. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

F. 2003 Street Paving:

Discussion held regarding the upcoming streets to be paved during 2003. City Manager stated asphalt would cost approximately $48.00 per ton this year and several streets which are listed on the paving schedule are yet to be measured to determine the total paving cost. An estimated paving cost schedule is now being finalized and will be submitted to Council.

11. NEW BUSINESS:

A. Payment of Bills:

1. Regular 2002-2003 Budgetary Bills - Year Listing No. 19

Bluemont Cemetery Fund	$	1,364.22
General Fund	$	31,211.90
Water Operations Fund	$	26,716.18
Sewer Service Fund	$	18,067.21
Total	$	77,359.51

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to pay the Regular Bills, April 1, 2003, in the amount of $77,359.51. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

2. 2000 Small Cities Block Grant (Houses) Bills - Listing No. 4

Main Street Printers	$	19.50
Mountain Statesman	$	52.50
Total	$	72.00

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to pay the 2000 Small Cities Block Grant (Houses) Bills, April 1, 2003, in the amount of $72.00. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

3. 2001 Small Cities Block Grant (Sewer) Bills - Listing No. 2

Mountain Statesman	$	52.50
St. Paul Insurance Co.	$	202.00
Total	$	254.50

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, to pay the 2001 Small Cities Block Grant (Sewer) Bills, April 1, 2003, in the amount of $254.50. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

B. 2003 STAG Grant Administration:

Report from the City Manager concerning the upcoming Sewer System project was submitted for review. Said report (recorded as part of the minutes, page six and seven) addresses issues regarding the Administration of the Federal STAG Grant.

Consensus of Council authorized and relinquished the administration of the 2003 Federal Government "STAG" Grant to Region VI Planning and Development Council.

C. 1993 John Deere Street Department Backhoe Repairs:

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, authorizing approval for the Leslie Equipment Company, 284 Van Kerk Drive, Fairmont, West Virginia, to repair the Street Department 1993 John Deere Backhoe, with the cost not to exceed $6,733.00. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

D. Bluemont Area Sewer Project Bore Testing:

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, authorizing for the approval of Subsurface Investigation and Geotechnical Analysis (soil boring testing) service in the area of the former Baltimore & Ohio Depot building which is in conjunction with the Bluemont Sewer Separation Project (CTL Proposal #03-05-0009P) in the amount of $3,400.00. Roll call vote: Hines: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

12. CITIZENS VOICE

A. Ronald E. Arnold, 141 High Street:

Addressed issues relating to repair work he is doing on trucks/vehicles while parked on High Street which are used in his lawn care/gardening business.

13. EXECUTIVE SESSION

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, to enter into an Executive Session at 7:38 p.m. to discuss legal issues. Roll call vote: Hines: Yes; Bartlett: Yes, and Tansill: Yes. Motion Carried.

Council back into regular session at 9:05 p.m. The Mayor stated while in Executive Session legal issues were discussed, no action will be taken at this time.

14. COUNCIL MEMBER'S HEARING

15. ADJOURNMENT

Mayor Tansill declared the meeting adjourned at 9:16 p.m.

Jeffery L. Tansill
Mayor

ATTEST:

Larry M. Richman
City Clerk

Sanitary Sewer Projects

City of Grafton Council Meeting April 1, 2003

Over the next 5-7 years the City of Grafton will be undertaking a massive Sanitary Sewer Project that will help adhere to current DEP and EPA regulations. These projects will start within the coming weeks and will take a great deal of time in coordinating, construction, financing, oversight, post construction and other unforeseen requirements. Some of these projects may require some insight and time from City Council. I am asking that council be patient with the Finance Director and the City Manager during this construction window as these will require a large amount of our time.

Where are we in the process?

- Thayer St., Thayer St. Extended, Fannie St., Fannie St. Extended and Bluemont Cemetery design work is completed. I will be bidding out for the materials for these projects within a month. These projects will take approx. 3 years to complete depending on weather and contingencies.
- Within days the city will be contracting out for soil testing behind the Historic B&O Depot and also down at the Sanitary Sewer Plant for future work.
- Within 60 days the city will be contracting out for the installation of sanitary sewer lines on East Main St., around the B&O Depot and the bore underneath the railroad tracks to Front St. sewer line. This will cost approx. $180,000.00 - $200,000.00 to complete.
- Around the end of June or first of July the city will be having the sewer lines on Maple Ave. and Grand St. cleaned as per requirement from the WV DEP.
- Early summer the city will begin working on the installation of sanitary sewer lines on Beech St., Spruce St., Gould Alley, and Beverlin Alley and a portion of Maple Ave. as a part of the Thayer St. Sewer Project. At this time the city will be installing new drop inlets in the storm water collection system on these streets. A trench drain will be installed on Spruce St. to prevent water from flooding portion of Maple Ave. at the corner of Spruce and Maple Ave. Minor work will also be performed behind Warren Methodist Church where the creek enters the collection system.
- Garage and Maintenance Bldg. design work is completed. Construction of the Garage and Maintenance Bldg. at the Sanitary Sewer Plant should begin within the next 6-9 months if everything goes smoothly with the STAG funding
- Front St. sewer improvements should also begin within the next 12 months depending on how smoothly the STAG funding is completed.
- Berkley Run Pump Station design work is completed. Berkley Run Pump Station Rehab Project should also begin within the next 12 months depending on the STAG funding.

- The Sanitary Sewer Plant design work is nearly complete and may begin within 12-18 months.
- Installation of the Fannie St. sewer project should begin about 1 year from now. This would install new sanitary sewer lines on Fannie St., Ross St., and High St.,
- Parkview Sewer Project should begin around 12-15 months from now.
- The improvements to the Sanitary Sewer Plant should begin around 8 – 15 months from now, without any problems.
- Installation of Bluemont Cemetery sewer project should begin around 16-24 months from now. This would install new sanitary sewer lines on East Washington St., Halsip St., Bridge St., East Wilford St., portion of Knotts Ave., Long St., and Luzzader St.
- Thayer Ext., Fannie Extended should begin sometime after 2 years.
- Ross St., Monroe St., East Knotts Ave., and Maplehurst sanitary sewer projects should begin around 1-2 years from now.

These are only preliminary estimates of time to inform city council of this large project. Weather conditions, agency clearances, and other problems could delay each project. Total projects cost approximately $7,793,500.00. We are still nearly 1 million dollars short to date.

Projects

Maple Ave. Sewer Cleaning
Grand St. Sewer Cleaning
Thayer St. Sewer Project
Thayer St. Extended Sewer Project
Fannie St. Sewer Project
Fannie St. Extended Sewer Project
Bluemont Cemetery Sewer Project
Berkley Run Pump Station Rehab Project
Ross St. Sewer Project
Monroe St. Sewer Project
Garage and Maintenance Bldg. Construction
Front St. Sewer Improvements
East Knotts Sewer Project
Maple Ave. (Maplehurst) Sewer Project
Walnut Street Sewer Project
Bore under Railroad Yard
Sanitary Sewer Plant Project
Parkview Sewer Project
Railroad Yard and Plant Soil Testing

Agenda & Index to Minutes
2002-2003 Year: Regular Meeting Number 5
Grafton City Council
Tuesday, September 3, 2002 - 6:30 p.m.

1. CALL TO ORDER
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. ROLL CALL
5. SET COUNCIL AGENDA
6. MINUTES OF REGULAR COUNCIL MEETING AUGUST 20, 2002
7. CITY MANAGER'S REPORT
   - A. 2002 Street Paving
   - B. Water Loss Report
   - C. Water Meter Report
   - D. Fire Department Report
   - E. Police Fines/Parking Revenue Report
8. COMMUNICATIONS
9. COMMISSION, COMMITTEE, BOARD, PROJECT-REPORTS
   - A. A Day To Remember (September 11, 2001) Proclamation
10. OLD BUSINESS
    - A. Open Bids 2000 Small Cities Block Grant Asbestos Abatement
    - B. Building Materials Landfill
    - C. Commercial Garbage Agreement
    - D. Bluemont Cemetery Truck/Water Department Truck/Dump Bed
    - E. First Reading Ordinance 705 Water Rates
11. NEW BUSINESS
    - A. Payment of Bills
      1. Regular 2002-2003 Budgetary Bills - Year Listing No. 5
    - B. Abandonment McGraw/Mackin/Alley Taylor County BOE
    - C. Abandonment of Section Parkview Avenue
    - D. Police Department Hand Held Radar Unit
    - E. City Attorney Resignation
12. CITIZENS VOICE
    - A. Beryl "Gene" Riley
    - B. Steve Gerkin
13. COUNCIL MEMBER'S HEARING
14. ADJOURNMENT

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, SEPTEMBER 3, 2002,
SIX PAGES (MINUTE BOOK NO. 20, PAGES 333-338).

LARRY M. RICHMAN – CITY CLERK

Regular Meeting Grafton City Council
Tuesday, September 3, 2002 - 6:30 p.m.
City Council Chambers

1. CALL TO ORDER

Mayor Tansill called the meeting to order at 6:30 p.m.

2. INVOCATION

The invocation was given by Councilman Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Vice Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor Jeffery Tansill, Vice Mayor G. Thomas Bartlett, III, Councilman Immanuel "Joe" Hines, and Councilman Robert Klepfel. Also present: City Manager Kevin Stead, City Attorney Hunter Mullens, and City Clerk/Finance Director Larry Richman. Councilman James Morgan asked to be excused prior to the meeting.

5. SET COUNCIL AGENDA

Motion was made by Councilman Hines, second by Councilman Klepfel, to approve the agenda as submitted by the City Manager. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING AUGUST 20, 2002

Motion was made by Councilman Hines, second by Councilman Klepfel, to approve the minutes of the August 20, 2002 regular Council Meeting. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

A. 2002 Street Paving: West Virginia Paving has completed this year's paving. Due to the replacement of water, sewer, and storm lines on the streets, extra blacktop was used than first expected.

B. Water Loss Report: August 2002 report, attachment #1.

C. Water Meter Report: August 2002 report, attachment #2.

D. Fire Department Report: August 2002 report, attachment #3.

E. Police Fines/Parking Revenue Report: June 2002 report, attachment #4.

8. COMMUNICATIONS

A. Taylor County Emergency Services Authority, Inc.: Letter, August 22, 2002, from Paul Elder to Charles C. Wise, III, Attorney for the Taylor County Commission, regarding the appointments and responsibility of the Taylor County E-911 Authority Board.

B. Grafton City Hospital Minutes:
June 24, 2002 Board of Trustees Minutes submitted.
July 29, 2002 Board of Trustees Minutes submitted.

9. COMMISSION, COMMITTEE, BOARD, PROJECT - REPORTS

A. A Day To Remember (September 11, 2001) Proclamation:

PROCLAMATION

"A Day To Remember"

WHEREAS, the unprovoked attacks of September 11, 2001, upon America by foreign terrorists have thrust the United States, and other countries, into a war it never provoked or expected, militarily or diplomatically; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 63)

Motion was made by Councilman Klepfel, second by Councilman Hines, to approve the "A Day To Remember" (September 11, 2001) Proclamation. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

10. OLD BUSINESS

A. Open Bids 2002 Small Cities Block Grant Asbestos Abatement:

Two (2) bids were received for the Asbestos Abatement for the 2000 Small Cities Block Grant Demolition of Houses. Mayor Tansill opened the bids and the submitted bidding was as follows:

1. AMI Demolition & Environmental
   192 Vista Del Rio
   Morgantown, West Virginia 26508 — $ 59,810.00
2. Orange Construction Corporation
   Post Office Box 861
   Morgantown, West Virginia 26507 — $ 99,940.00

City Manager will review bids, report to be made to council later, no date given.

B. Building Materials Landfill:

Joe Jordon, AMI Demolition & Environmental, Morgantown, WV, made request to purchase a lot owned by the City of Grafton, identified as Lot TM15-09, Block 1, located near the intersection of East Main Street and Lincoln Street. Mr. Jordon currently owns several lots next to said lot owned by the City of Grafton, and he plans to use this lot in question as an access to his property, where he plans to develop a dumping site for building materials. Discussion held, no action taken.

C. Commercial Garbage Agreement:

The Commercial Garbage agreement between the City of Grafton and Wilbur Lee Fauley -- Refuse Control System Inc. was discussed. Council by consensus approved a "working session" with Mr. Fauley for Monday, September 9, 2002, 6:00 p.m., regarding renewal and changes with said agreement.

D. Bluemont Cemetery Truck/Water Department Truck/Dump Bed Bids:

Discussion held concerning the replacement of the Bluemont Cemetery 1989 Dodge Truck (Number 61), the Water Department 1988 Chevrolet Truck (Number 23), and the purchase of a Dump Bed for the old 1990 Garbage Truck that will be used by the Public Works Department.

Motion was made by Councilman Klepfel, second by Vice Mayor Bartlett, to Direct Bid and Advertise for purchasing a new truck for the Bluemont Cemetery, a new truck for the Water Department, and for one Dump Bed for 1990 Garbage Truck. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

E. First Reading Ordinance No. 705 Water Rates:

The short reading of Ordinance No. 705 was read by the Clerk as follows:

ORDINANCE NO. 705

AN ORDINANCE INCREASING AND ESTABLISHING JUST AND EQUITABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF GRAFTON, WEST VIRGINIA, FOR THE PURPOSE OF MEETING THE COSTS OF PROVIDING THESE SERVICES, INCLUDING BUT NOT LIMITED TO, OPERATIONS, MAINTENANCE OF THE WATER WORKS SYSTEM AND METERING

Motion was made by Councilman Hines, second by Councilman Klepfel, to approve the first reading of Ordinance No. 705. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

11. NEW BUSINESS

A. Payment of Bills:

1. Regular 2002-2003 Budgetary Bills - Year Listing No. 5

Bluemont Cemetery Fund	$ 1,614.14
General Fund	$ 42,320.01
Water Operations Fund	$ 41,241.84
Sewer Service Fund	$ 18,421.95
Total	$ 103,597.94

Motion was made by Councilman Klepfel, second by Vice Mayor Bartlett, to pay the Regular Bills in the amount of $103,597.94. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

B. Abandonment of McGraw/Mackin/Unnamed Alley-Taylor County BOE:

Request received from the Taylor County Board of Education, August 19, 2002, to abandon a section of McGraw Avenue, between Luby Street and Piedmont Avenue, a section of Mackin Street, and a section of an unnamed alley, the three right of ways located near the Grafton High School property. Councilman Hines and Councilman Klepfel both stated they want to go on record opposing the abandonment request

until the parking problem on Yates Avenue, which has been created by the Taylor County Board of Education, has been corrected and a solution agreeable by the residents of said street and the City of Grafton. City Manager will contact the Taylor Count School Superintendent and discuss the issue and make report to council.

C. Abandonment Section Parkview Avenues:

Request from Deborah J. Hennen, not dated, to abandon a section of Parkview Avenue, a street not opened, bordering her property. Council discussed the possibility of abandoning Parkview Avenue beginning at Parcel 86 and continuing through Parcel 91. City Manager will contact property owners concerning the abandonment and report back at the next meeting, September 17, 2002.

D. Police Department Hand Held Radar Unit:

Motion was made by Councilman Hines, second by Councilman Klepfel, to approve the purchase of a Kustom Radar Hand Held Unit for the Police Department at a cost of $1,700.00. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

E. City Attorney Resignation:

City Attorney Hunter B. Mullens submitted his letter of resignation, dated September 3, 2002, effective midnight, November 4, 2002.

12. CITIZENS VOICE

A. Beryl "Gene" Riley, 7 East Knotts Avenue:

Reported the unsightly condition of a house on Knotts Avenue and the grass needs cut on certain lots (he described) on Front Street. Also asked what enforcement is being done by the Police Department concerning the Tractor Trailers being parked on city streets.

B. Steve Gerkin, 510 Piedmont Avenue:

Addressed issues regarding a parking problem and cars blocking entrance to his property on Victor Street. Vice Mayor Bartlett, Police Chief Jeffrey Leach, and Public Works Director Busty Weber will investigate the situation to make a determination for a solution to correct the problem.

13. COUNCIL MEMBER'S HEARING

Vice Mayor Bartlett:

Submitted letter draft for review to West Virginia State Senator Jon Blair Hunter regarding the violations rendered to the City of Grafton from the West Virginia Department of Environmental Protection. Also submitted for review a Proclamation to be presented for the 50th anniversary of the Grafton High School 1952 West Virginia State Football Championship celebration.

Councilman Klepfel:

Complimented the City Manager on the paving of the Main Street Parking lot near the Grafton Municipal Building. Reported a citizen had informed him of damage from bugs in a pine tree located below the Gold Fish Pond in Bluemont Cemetery and these bugs could spread and cause damages to others trees in the cemetery.

Councilman Hines:

Reported he has received many good compliments regarding the recent paving of streets.

14. ADJOURNMENT

Mayor Tansill declared the meeting adjourned at 8:46 p.m.

Jeffery L. Tansill
Mayor

ATTEST:

Larry M. Richman
City Clerk

Agenda & Index to Minutes
2002-2003 Year: Regular Meeting Number 6
Grafton City Council
Tuesday, September 17, 2002 - 6:30 p.m.

1. CALL TO ORDER
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. ROLL CALL
5. SET COUNCIL AGENDA
6. MINUTES OF REGULAR COUNCIL MEETING SEPTEMBER 3, 2002
7. CITY MANAGER'S REPORT
   - A. Sanitary Sewer Diversions
   - B. Small Cities Block Grant Training Session
   - C. Magazine Article - Sewer Problems
   - D. West Virginia "Adopt-A-Highway" Program
8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD REPORTS
   - A. July 2002 and August 2002 Financial Reports
   - B. September 10, 2002 Taylor County Senior Citizens Report
   - C. Letter Pascal Chauvin, Artas, France
9. PROCLAMATIONS AND RESOLUTIONS
   - A. Amendment One Resolution
   - B. Grafton High School 50th Anniversary
     1952 Football State Championship
10. OLD BUSINESS
    - A. City of Grafton Web Site
    - B. Commercial Garbage Agreement
    - C. Commercial Garbage Agreement Resolution
    - D. 2000 Small Cities Block Grant Asbestos Abatement
    - E. Public Hearing Ordinance 705 Water Rates
    - F. Second Reading Ordinance 705 Water Rates
    - G. Solid Waste Garbage Collection
    - H. West Virginia DEP Sewer Violations
11. NEW BUSINESS
    - A. Payment of Bills
      1. Regular 2002-2003 Budgetary Bills - Year Listing No. 6
      2. Mountain View Water Association Bills - Listing No. 3
    - B. YMCA Property
    - C. American Legion Property
    - D. City Hall Sharp Copier Replacement
    - E. City Attorney Resignation
    - F. Advertising for New City Attorney
12. CITIZENS VOICE
13. COUNCIL MEMBER'S HEARING
14. ADJOURNMENT

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, SEPTEMBER 17, 2002, SEVEN PAGES (MINUTE BOOK NO. 20, PAGES 339-345).

LARRY M. RICHMAN - CITY CLERK

Regular Meeting Grafton City Council
Tuesday, September 17, 2002 - 6:30 p.m.
City Council Chambers

1. CALL TO ORDER

Mayor Tansill called the meeting to order at 6:30 p.m.

2. INVOCATION

The invocation was given by Councilman Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Vice Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor Jeffery Tansill, Vice Mayor G. Thomas Bartlett, III, Councilman Immanuel "Joe" Hines, and Councilman Robert Klepfel. Also present: City Manager Kevin Stead and City Clerk/Finance Director Larry Richman. Councilman James Morgan arrived at 6:49 p.m.

5. SET COUNCIL AGENDA

Motion was made by Councilman Hines, second by Councilman Klepfel, to approve the agenda as submitted by the City Manager. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING SEPTEMBER 3, 2002

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to approve the minutes of the September 3, 2002 regular Council Meeting. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

A. Sanitary Sewer Diversions: A list of twenty-four areas (Inflow Study) where water is going directly into the sanitary sewer main lines causing CSO events throughout Grafton and the amount of water in gallons during a normal snow melt occurrence. Attachment #1.

B. Small Cities Block Grant Training Session: City Manager will be attending a Small Cities Block Grant Administrators training session, October 16-17, 2002 in Parkersburg, WV.

C. Magazine Article - Sewer Problems: July 12, 2002 news article from U. S. News entitled "The sickening sewer crisis" relates to sewer problems similar to Grafton's sewer system problems. Attachment #2.

D. West Virginia "Adopt-A-Highway" Program: City Manager will submit application under the WV State "Adopt-A-Highway" Program, to accept the care of U.S. Route 119, approximately two miles, from the Blueville intersection (U.S. Route 50 and U. S. Route 119) to the Beech Street Railroad crossing.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Financial Reports:
July 2002 City of Grafton Financial Report submitted.
August 2002 City of Grafton Financial Report submitted.

B. Taylor County Senior Citizen Report:
September 10, 2002 Meeting Report Submitted.

C. Letter from Pascal Chauvin, Artas, France, August 30, 2002, submitting municipal publication of the town of Artas.

9. PROCLAMATIONS AND RESOLUTIONS

A. In Support of Amendment One Resolution:

Resolution In Support of
Amendment One
Local Option Economic Development Amendment
WHEREAS, the West Virginia Legislature has seen the value of Amendment One and placed it on the November 2002 general election ballot, and

(Recorded in Proclamation/Resolution Book No. 2 - Page 65)

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, to approve the Amendment One Local Option Economic Development Amendment Resolution. Roll call vote: Hines: Yes; Klepfel: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

B. Grafton High School 50th Anniversary 1952 Football State Championship:

PROCLAMATION
WHEREAS, this Football Season of Two Thousand and Two marks the Fiftieth Anniversary of the winning of the West Virginia State Championship by the Grafton Bearcat Football Team; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 66)

Motion was made by Vice Mayor Bartlett, second by Councilman Morgan, to approve the Grafton High School 50th Anniversary 1952 Football State Championship Proclamation. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

10. OLD BUSINESS

A. City of Grafton Web Site:
Location of the Web Site Server for the City of Grafton was discussed. The City of Grafton is the owner of the Web Site, however, the capability of operating a "server" is not feasible at this time from the Municipal Building. Candis Rivera (Rivera Resources Inc.), who resides near Flemington, has offered to house the City of Grafton's Web Site Server for a short time. The Server will be located at Rivera Resources Inc.

Motion was made by Councilman Morgan, second by Councilman Klepfel, to approve for the City of Grafton's Web Site to be housed (located) at Rivera Resources Inc. until such time the capabilities are such that it can be relocated in City Hall. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

B. Commercial Garbage Agreement:

The Commercial Garbage Agreement between the City of Grafton and Wilbur Lee Fauley, Refuse Control Systems, Inc. was reviewed and changes in the new agreement discussed.

Motion was made by Vice Mayor Bartlett, second by Councilman Klepfel, to approve the Commercial Garbage Collection Agreement between the City of Grafton and Refuse Control Systems, Inc. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

C. Commercial Garbage Agreement Resolution:

A RESOLUTION ADOPTING COMMERCIAL GARBAGE COLLECTION AGREEMENT WITH REFUSE CONTROL SYSTEMS, INC.

WHEREAS, the City of Grafton and Refuse Control Systems, Inc., entered into an agreement dated December 21, 1993, said agreement which governs their present contractual relationship.

(Recorded in Proclamation/Resolution Book No. 2 - Page 67)

Motion was made by Vice Mayor Bartlett, second by Councilman Klepfel, to approve the Refuse Control Systems, Inc. Commercial Garbage Collection Agreement Resolution. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

D. 2000 Small Cities Block Grant Asbestos Abatement:

Two (2) bids were received, opened during the September 3, 2002 Council Meeting, for the Asbestos Abatement for the 2000 Small Cities Block Grant Demolition of Houses as follows:

1. AMI Demolition & Environmental
   192 Vista Del Rio
   Morgantown, West Virginia 26508 — $ 59,810.00

2. Orange Construction Corporation
   Post Office Box 861
   Morgantown, West Virginia 26507 — $ 99,940.00

Bids were discussed, no action taken.

E. Public Hearing Ordinance No. 705 Water Rates:

The Mayor opened the floor for anyone wishing to speak for or against Ordinance 705. No one spoke and the Mayor ordered the public hearing closed.

F. Second Reading Ordinance No. 705 Water Rates:
The short reading of Ordinance No. 705 was read by the Clerk as follows:

ORDINANCE NO. 705

AN ORDINANCE INCREASING AND ESTABLISHING JUST AND EQUITABLE RATES OR CHARGES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF GRAFTON, WEST VIRGINIA, FOR THE PURPOSE OF MEETING THE COSTS OF PROVIDING THESE SERVICES, INCLUDING BUT NOT LIMITED TO, OPERATIONS, MAINTENANCE OF THE WATER WORKS SYSTEM AND METERING

(Recorded in Ordinance Book No. 4 - Page 242)

Motion was made by Councilman Hines, second by Vice Mayor Bartlett, to approve the second reading and passage of Ordinance No. 705. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion Carried.

G. Solid Waste Garbage Collection:
A "service fee structure" to support an ongoing regular Solid Waste Garbage Collection was discussed. A motion was made by Councilman Morgan to authorize the preparation of an ordinance to increase the residential Garbage Collection Fee from $9.00 to $9.25, an increase of twenty-five cents, however, this motion died for the lack of a second.

H. West Virginia DEP Sewer Violations:
Letter, prepared by Vice Mayor Bartlett, concerning the violations rendered to the City of Grafton from the West Virginia Department of Environmental Protection, was reviewed and discussed. Said letter is to be sent to West Virginia State Senators Jon Blair Hunter and Sarah Minear, West Virginia House of Delegate Tom Coleman, and possibly others in State Government. Mr. Bartlett gave several examples of incorrect data the WV DEP is using as support for their alleged violations assessed to the City of Grafton.

11. NEW BUSINESS

A. Payment of Bills:
1. Regular 2002-2003 Budgetary Bills - Year Listing No. 6

Bluemont Cemetery Fund	$ 1,183.90
General Fund	$ 50,135.54
Water Operations Fund	$ 22,843.98
Sewer Service Fund	$ 33,889.67
Total	$ 108,053.09

Motion was made by Councilman Klepfel, second by Vice Mayor Bartlett, to pay the Regular Bills in the amount of $108,053.09. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

2. Mountain View Water Association Project Bills - Year Listing No. 3

Coin Contracting Inc.	$	4,750.00
Total	$	4,750.00

Motion was made by Vice Mayor Bartlett, second by Councilman Hines, to pay the Mountain View Water Association Project Bills in the amount of $4,750.00. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

B. YMCA Property:

Motion was made by Councilman Morgan, second by Councilman Klepfel, to approve for the City Manager to negotiate a purchase price for the Grafton YMCA Property located at 63 West Main Street, Grafton. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

C. American Legion Property:

The purchase of the lot located at 57 West Main Street, Grafton, adjacent to the American Legion Taylor County Post #12 was discussed. The American Legion is offering the lot for sale at $5,000.00 to the City of Grafton and they want to retain a perpetual lease on the small building located on the back of the lot (entrance to said building is from Boyd Street) as long as the American Legion Taylor County Post #12 exists or the Taylor County Veterans Color Guard organization exists. No action taken.

D. City Hall Sharp Copier Replacement:

Replacing the Sharp Copier, used by all department in the Municipal Building, was discussed.

Motion was made by Councilman Morgan, second by Councilman Klepfel, to go out for bid and direct bid to companies in the area for a new copier for City Hall. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

E. City Attorney Resignation:

Motion was made by Councilman Klepfel, second by Councilman Hines, to accept, with much regret, the resignation of City Attorney Hunter B. Mullens, effective midnight, November 4, 2002, as submitted in his letter of resignation, September 3, 2002. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: No; Bartlett: Yes; and Tansill: No. Motion carried.

F. Advertising For New City Attorney:

Motion was made by Councilman Klepfel, second by Councilman Hines, to advertise for a new City Attorney. Roll call vote: Hines: Yes; Klepfel: Yes; Morgan: Yes; Bartlett: Yes; and Tansill: Yes. Motion carried.

12. CITIZENS VOICE

No one registered to speak.

13. COUNCIL MEMBER'S HEARING

Councilman Morgan:

Offered his support for the addition/construction of new "*Welcome To Grafton*" signs to be located at the highway entrances to the City of Grafton.

Vice Mayor Bartlett:

Explained proper conduct in which persons participating in a "flag raising ceremony," such as the one held on September 11, 2002 at Bluemont Cemetery. Submitted a small book "Old Glory" provided by the West Virginia Army National Guard for references to proper conduct in relationship with the American Flag. Expressed concerns and suggested for a possible investigation regarding the finances of the Taylor County Historical & Genealogical Society.

Councilman Klepfel:

Recommended to the City Manager the fifteen minute parking meters, located on Latrobe Street near where said street intersect with West Main Street, should be replaced with one hour parking meters.

Councilman Hines:

Reported on complaints received: noise from car mufflers in the Blueville area; Roberts Street, leading into Bluemont Cemetery, needs repaired and paved; and an opposition to parking meters being located in front of the Grafton Post Office building.

14. ADJOURNMENT

Mayor Tansill declared the meeting adjourned at 10:24 p.m.

Jeffery L. Tansill
Mayor

ATTEST:

Larry M. Richman
City Clerk

THE MOUNTAIN STATESMAN
914 WEST MAIN STREET, GRAFTON, WV 26354
PHONE: (304) 265-3333

LEGAL ADVERTISING INVOICE

DATE: 11/30/2005

Account # 6871

STEPTOE & JOHNSON
BANK ONE CENTER, EIGHTH FLOOR
PO BOX 1588
CHARLESTON, WV 25326-1588

INVOICE # 9838 AMOUNT REMITTED $

RE: NOTICE OF PUBLIC HEARING
CITY OF GRAFTON BOND ORDINANCE

INSERTION DATES: 11/23/05 11/30/2005

AMOUNT DUE: $125.77 $2 Aff. Fee is already included

Legal Rate Information: 10.5 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

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 # 9838 was published once a week for TWO weeks in said Mountain Statesman newspaper as aforesaid, commencing on the 23RD day of NOVEMBER, 2005

Given under my hand this 30TH DAY OF NOVEMBER, 2005

Jean M Ellerman Publisher

Printers fee $

West Virginia, Taylor County, To Wit:
Subscribed and sworn to before me this

2005

Notary Public

My Commission Expires 11/14/2013

NOTICE OF PUBLIC HEARING
ON CITY OF GRAFTON
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 Tuesday, December 6, 2005, at 7:00 p.m., prevailing time, at the International Mother's Day Shrine, First Floor Lecture Room, 11 East 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 ACQUISITION AND CONSTRUCTION OF 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 THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2005 A (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.

The above-entitled Ordinance was approved by the Council on November 15, 2005.

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 the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the sewerage portion of the combined waterworks and sewerage system of the City and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from the revenues to be derived from the ownership and operation of the 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 City Clerk for review by interested parties during regular office hours.

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

Larry M. Richman
City Clerk
LEGAL 9838
11/23, 11/30

Grafton City Council
2005-2006 Year: Regular Meeting Number 8
Tuesday, November 1, 2005
International Mother's Day Shrine
First Floor - Lecture Room

1. CALL TO ORDER

Mayor Bartlett called the meeting to order at 6:30 p.m. and extended thanks to the International Mother's Day Shrine Foundation for the privilege to conduct the council meetings at the Shrine during the City Hall renovation.

2. INVOCATION

The invocation was given by Vice Mayor Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor G. Thomas Bartlett, III, Vice Mayor Immanuel "Joe" Hines, Councilman Robert A. Klepfel, and Councilman Donald "Skip" Mason. Also present: City Manager Kevin M. Stead, Police Chief Robert W. Beltner, Fire Chief/Building Inspector R. Wayne Beall, Public Works Director Gerald "Busty" Weber, Code Enforcement Officer Frederick D. Ford, and City Clerk/Finance Director Larry M. Richman. Councilman James L. Morgan arrived at 6:36 p.m.

5. SET COUNCIL AGENDA

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the November 1, 2005 meeting agenda. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING OCTOBER 18, 2005

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the October 18, 2005 Regular Council Meeting minutes. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

Submitted, two pages, recorded as part of the minutes, page eight and page nine.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Solid Waste Garbage Report:
October 20-28, 2005 Report submitted.

B. Water Loss Report:
October 2005 Water Loss Report submitted.

C. Water Meter Report:
October 2005 Water Meter Replacement Report submitted.

D. Police Department Report:
October 2005 Police Department Report submitted.

E. Fire Department Report:
October 2005 Fire Department Report submitted and October 24-27, 2005 Snow Storm Report (prepared by Fire Chief Wayne Beall) submitted.

F. Code Enforcement Department Report:
October 2005 Code Enforcement Department Report submitted.

G. Grafton City Hospital Minutes:
September 26, 2005 Board of Trustees Minutes submitted.

H Appointment Police Civil Service Commission:
Motion was made by Councilman Morgan, second by Councilman Klepfel, to appoint Russell E. "Jeep" Ball (Grafton Merchants recommendation) for a four year term, November 6, 2005 to November 5, 2009, to the City of Grafton Police Civil Service Commission. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

I. Letter of Resignation-Ada J. Hill:
October 19, 2005, resignation from the City of Grafton Planning Commission. Motion was made by Councilman Morgan, second by Vice Mayor Hines, to accept the resignation from Ada J. Hill from the City of Grafton Planning Commission. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

J. Minute Book 2 through Minute Book 12 Restoration Report:
City Clerk reported on the microfilming and reproduction of a second set of eleven minute books which have been completed by Casto & Harris, Inc., Spencer, West Virginia. The work included microfilming and reproducing a second set of minute books in a smaller format page size (8 1/2" x 14") in new plastic book binders from the original minute books, beginning with book number two (March 25, 1870) and continuing through book number twelve (April 3, 1944). Two books were made available to City Council for inspection. The books copied and microfilmed included the follows:

Book No. 2	Beginning March 25, 1870
Book No. 3	Beginning January 18, 1884
Book No. 4	Beginning April 6, 1893
Book No. 5	Beginning April 3, 1899
Book No. 6	Beginning March 5, 1906
Book No. 7	Beginning July 17, 1911
Book No. 8	Beginning April 10, 1916
Book No. 9	Beginning June 8, 1925
Book No. 10	Beginning October 12, 1931
Book No. 11	Beginning January 11, 1937
Book No. 12	Beginning April 3, 1944

K. Grafton Sesquicentennial Celebration Report:
Councilman Mason made report from the October 27, 2005 meeting and announced the next meeting for the Grafton Sesquicentennial (150th Anniversary)

celebration planning committee will be held on Thursday, November 17, 2005, 7:00 p.m., at the International Mother's Day Shrine.

L. Letter of Thanks J. William"Bill" Beall:

October 14, 2005, Letter of thanks for paving Baker Street with the 2005 street paving schedule.

9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES

A. Christian Heritage Week Proclamation:

MAYORAL PROCLAMATION
Christian Heritage Week in the City of Grafton
In harmony with
Christian Heritage Week in West Virginia
as proclaimed by Governor Joe Manchin III - November 20-26, 2005

WHEREAS, Thanksgiving week marks the fourteenth consecutive Christian Heritage Week in West Virginia; continuing a tradition of proclamations beginning with Governor Gaston Caperton in 1992 through 1996, Governor Cecil Underwood from 1997 through 2000, and Governor Bob Wise from 2001 through 2004;

(Recorded in Proclamation/Resolution Book No. 2 - Page 221)

Motion was made by Councilman Morgan, second by Councilman Klepfel, to approve the Christian Heritage Week (November 20-26, 2005) Proclamation. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. Grafton's Tygart Hydroelectric Project Resolution:

Resolution

WHEREAS, the Grafton City Council has determined that the development of alternative energy sources is needed to reduce reliance on foreign oil; and

(Recorded in Proclamation/Resolution Book No. 2 - Page 222)

Motion was made by Vice Mayor Hines, second by Councilman Morgan, to approve the Grafton's Tygart Hydroelectric Project Resolution. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

Councilman James L. Morgan was excused from the meeting at 7:59 p.m.

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10. UNFINISHED BUSINESS

A. Public Hearing Ordinance No. 736 Authorizing Sale of Realty:

Mayor Bartlett opened the floor to anyone wishing to speak in favor or against the passage of Ordinance No. 736. No one spoke; public hearing closed.

B. Second Reading Ordinance No. 736 Authorizing Sale of Realty:

The short reading of Ordinance No. 736 was read by the Clerk as follows:

ORDINANCE NO. 736

AN ORDINANCE AUTHORIZING THE CITY TO SELL TWO (2) PARCELS OF REALTY OWNED BY THE CITY OF GRAFTON.

(Recorded In Ordinance Book No. 4, Page 536)

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the second reading and passage of Ordinance No. 736. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

C. Public Hearing Ordinance No. 737 Annexations/Minor Boundary Adjustment:

Mayor Bartlett opened the floor to anyone wishing to speak in favor or against the passage of Ordinance No. 737. No one spoke; public hearing closed.

D. Second Reading Ordinance No. 737 Annexations/Minor Boundary Adjustment:

The short reading of Ordinance No. 737 was read by the Clerk as follows:

ORDINANCE NO. 737

AN ORDINANCE ANNEXING PORTIONS OF THE KNOTTSVILLE AND FETTERMAN DISTRICTS OF TAYLOR COUNTY, WEST VIRGINIA BY MAKING A MINOR BOUNDARY ADJUSTMENT PURSUING TO WEST VIRGINIA CODE §8-6-5.

(Recorded In Ordinance Book No. 4, Page 539)

Motion was made by Councilman Mason, second by Vice Mayor Hines, to approve the second reading and passage of Ordinance No. 737. Roll call vote: Klepfel: No; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

E. Public Hearing Ordinance No. 738 Amending Personnel Policy:

Mayor Bartlett opened the floor to anyone wishing to speak in favor or against the passage of Ordinance No. 738. No one spoke; public hearing closed.

F. Second Reading Ordinance No. 738 Amending Personnel Policy:

The short reading of Ordinance No. 738 was read by the Clerk as follows:

ORDINANCE NO. 738

AN ORDINANCE AMENDING ORDINANCE NO. 728 THE CITY OF GRAFTON PERSONNEL POLICY CONCERNING HOLIDAYS AND VACATION

(Recorded In Ordinance Book No. 4, Page 543)

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to approve the second reading and passage of Ordinance No. 738. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

11. NEW BUSINESS

A. Payment of Bills:

1. Regular 2005-2006 Budgetary Bills - Year Listing No. 8

Bluemont Cemetery Fund	$	1,350.42
General Fund	$	189,090.75
Water Operations Fund	$	42,876.95
Sewer Service Fund	$	18,681.99
Total	$	252,000.11

Motion was made by Councilman Mason, second by Councilman Klepfel, to pay the Regular Bills, November 1, 2005, in the amount of $252,000.11. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. First Reading Ordinance No. 739 Waterworks and Sewerage System Bonds 2005 A (West Virginia SRF Program):

The short reading of Ordinance No. 739 was read by the Clerk as follows:

ORDINANCE NO. 739

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF 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 THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2005 A (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.

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the first reading of Ordinance No. 739. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

12. CITIZENS VOICE

No one registered to speak.

13. COUNCIL MEMBER'S HEARING

Mayor Bartlett:

Complimented and extended grateful expressions of appreciation and admiration to City Manager Kevin M. Stead on his sixth (6th) anniversary as Manager for the City of Grafton, who was appointed by Council on November 2, 1999 and began the position November 4, 1999.

Proposed the Grafton City Council to actively participate in the assistance to the Taylor County Public Service District in the acquisition of a Generator which is needed to operate the Water Plant during an electric power emergency and outage.

Vice Mayor Hines:

Offered congratulations and appreciation to City Manager Kevin Stead and supported his continual service as City Manager.

Councilman Mason:

Extended thanks to the City Manager for his commendable service to the City of Grafton.

14. ADJOURNMENT

Mayor Bartlett adjourned the meeting at 8:56 p.m.

G. Thomas Bartlett, III
Mayor

ATTEST:

Larry M. Richman
City Clerk

City Manager's Report
November 1, 2005

J. C. Penney Building – The roof on the Penney's building is about 90% complete and with the warm temperatures forecasted this week, it is anticipated the roof project to be completed by Friday, November 4th.

City Update – The following pages contains a list of items completed by the City of Grafton during the last six years. I wish to personally thank City Council, Department Heads, employees, and volunteers in the community for their commitment and effort to approve and complete this list. This list proves that by working together progress can be made.

2006 Street Paving – I am requesting that council begin considering what streets they would like to consider paving next year.

October 2005 Snow Storm – I wish to extend a vote of thanks to both Grafton Fire and Volunteer Fire Departments, Police Department, Public Works, Sewer Department, and the Taylor County PSD, Taylor County Health Department, Taylor County Sheriff Department, and State Police for services offered to the City during the October 24-27, 2005 Snow Storm and electric outage.

Projects completed during the last 6 six years:

1. Restore pavilion at City Park (new roof, deck, and steps)
2. Rebuild bathroom at City Park.
3. Purchase fire rings for the campground at the City Park.
4. Purchase sliding board, merry-go-round, and teeter-totter for City Park.
5. Purchase new street signs for West Side and Fetterman.
6. Purchase and install 2 new "Welcome to Historic Grafton" signs.
7. Purchase and install informative signs about Blueville/Brownlow, West Grafton and Fetterman.
8. Construct directional playground signs for Blueville, Fetterman and Maple Avenue Playgrounds.
9. Remodel City Hall.
10. Purchase adjacent building to become a part of the Grafton Municipal Building Complex.
11. Purchased fire safety house for the "Fire Prevention Program".
12. Demolished over 60 condemned residential structures in the city.
13. Received over 6.7 million dollars in grants.
14. Received grants to purchase a new cruiser for the Police Department.
15. Helped Taylor County Historical and Genealogical Society purchase Jolliffee Building.
16. Purchased and currently restoring and remodeling the Historic Manos Theatre.
17. Helping Taylor County Arts Council restore the Brinkman Building.
18. Purchased new mini-pumper for the Fire Department.
19. Purchased new fire engine for the Fire Department.

20. Restored the Western Auto Building.
21. Received grants to purchase tactical gear for the Police Department.
22. Restored the American Newsstand Building.
23. Currently restoring the JcPenney Building.
24. Reproduced Grafton City Council Minute Books from 1870 – 1955.
25. Replaced water lines on Addison St., E. Wilford, W. Francis, Fannie Street, Thayer St. and Leonard St.
26. Installed street signs in Bluemont Cemetery.
27. Installed or contributed to the installation of 8 new roofs on Main Street.
28. Purchased new playground equipment for Walnut, Maple Ave., Central and Blueville Playgrounds.
29. Constructed new bathroom at Fetterman Park.
30. Work with International Mother's Day Shrine to purchase a new Pipe Organ and the further restoration of the Andrews Methodist Episcopal Church building.
31. Installed new sewer lines on portions of Beech St., Maple Ave., Spruce St., Leonard St., and portions of Beverlin Avenue.
32. Cleaned abandoned overgrown lots on West Main Street (near Post Office), Lincoln Street (2), and East Main Street (2).
33. Paved 4 streets in Bluemont Cemetery.
34. Purchased and installed grave markers for the Jarvis Family Lot at Bluemont Cemetery.
35. Remodeled the pool bathhouse and concession stand at Fetterman Pool.
36. Organized the 150th Anniversary of the B&O Railroad in Grafton.
37. Received grants to purchase radios in the Police Department.
38. Constructed 3 off street parking lots for Main Street.
39. Worked with CSX Corp. to have a new CSX Train Engine titled and painted "Spirit of Grafton".
40. Purchased 26 antique style street lights for Main Street Revitalization Project.
41. Planted over 250 ornamental trees.
42. Organized annual City Wide Yard Sale.
43. Purchased new trucks for the Sewer Department, Bluemont Cemetery, Street Department, and Water Department.
44. Offered Solid Waste Pickup for City residents.
45. Awarded the "West Virginia Make it Shine" award by Governor Bob Wise.
46. Removed over 250 illegal cars from city.
47. Invested over $630,000.00 in street paving.
48. Installed new furnace in Caretaker's House at Bluemont Cemetery
49. Got the State of West Virginia to pave over $150,000.00 in street paving.
50. Purchased and installed a new flag pole at Bluemont Cemetery.
51. Constructed new picnic tables and garbage containers for parks.
52. Developed Government Access Television Channel on Adelphia Communications.
53. New storm lines installed on West Washington Street in Fetterman, Love Ave., Thayer St., Spruce St., and portions of Beech, and Maple Ave.

CITY OF GRAFTON

Grafton City Council
International Mother's Day Shrine

AGENDA

Tuesday, November 15, 2005 – 6:30 p.m.

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Set Council Agenda
6. Approval of Minutes November 1, 2005
7. City Manager's Report
8. Communications, Board, Project and Conference Reports
   A. October 2005 Financial Report
   B. Letter Copy-Delegate Jeffery L. Tansill to Congressman Alan B. Mollohan
   C. Letter of Thanks-Darle J. Setler, Jr., Taylor County PSD
   D. Grafton Sesquicentennial Celebration Report
9. Proclamations and Resolutions
10. Unfinished Business
    A. Second Reading Ordinance No. 739 Combined Waterworks and Sewer Revenue Bonds Series 2005 A (West Virginia SRF Program) (the "Bonds") to: (i) pay a portion of the costs of acquisition and construction of additions, improvements and betterments of the existing public sewerage facilities of the City (the "Project") and (ii) pay certain costs of issuance of the bonds.
    B. Grafton Main Street Revitalization Project Phase I (ISTEA Grant)
11. New Business
    A. Payment of the Bills
       1. Regular Budgetary Bills November 15, 2005
       2. 2001 Small Cities Block Grant (Sewer) Bills – Listing No. 17
    B. First Reading Ordinance No. 740 Amending City Charter Relating to Candidates for City Council
    C. Demolition 107 East Main Street Structure and 129 West Main Street Structure
12. Citizens Voice
    A. Lois V. Heflin, Mary F. Phillips, Eileen G. Shaw, Avis G. Smith
       First Baptist Church
13. Executive Session
14. Council Member's Hearing
15. Adjournment

Larry M. Richman
City Clerk
November 9, 2005

A TRUE COPY FROM THE RECORD: GRAFTON CITY COUNCIL MINUTES, NOVEMBER 15, 2005, SEVEN PAGES (MINUTE BOOK NO. 21, PAGES 499-505).

Larry M. Richman
LARRY M. RICHMAN – CITY CLERK

Grafton City Council
2005-2006 Year: Regular Meeting Number 9
Tuesday, November 15, 2005
International Mother's Day Shrine
First Floor - Lecture Room

1. CALL TO ORDER

Mayor Bartlett called the meeting to order at 6:30 p.m. and extended a "continued thanks" to the International Mother's Day Shrine Foundation for the privilege to conduct the council meetings at the Shrine during the City Hall renovation.

2. INVOCATION

The invocation was given by Vice Mayor Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor G. Thomas Bartlett, III, Vice Mayor Immanuel "Joe" Hines, Councilman Robert A. Klepfel, and Councilman Donald "Skip" Mason. Also present: City Manager Kevin M. Stead, Police Chief Robert W. Beltner, Police Lieutenant Mark A. McCullough, Fire Chief/Building Inspector R. Wayne Beall, Public Works Director Gerald "Busty" Weber, Code Enforcement Officer Frederick D. Ford, and City Clerk/Finance Director Larry M. Richman. Councilman James L. Morgan requested prior to the meeting to be excused.

Motion was made by Councilman Mason, second by Vice Mayor Hines, to excuse Councilman Morgan from the November 15, 2005 Regular Council Meeting. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

5. SET COUNCIL AGENDA

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the November 15, 2005 meeting agenda. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING NOVEMBER 1, 2005

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to approve the November 1, 2005 Regular Council Meeting minutes. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

No report.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. October 2005 Financial Report:
October 2005 City of Grafton Financial Report submitted.

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to approve the October 2005 Financial Report. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

B. Letter Copy-Delegate Jeffery L. Tansill to Congressman Alan B. Mollohan:
November 2, 2005 regarding the Grafton Hydroelectric FERC License, submitted.

C. Letter of Thanks-Darle J. Setler, Jr., Taylor County PSD:
November 2, 2005, to Mayor G. Thomas Bartlett, III, acknowledging appreciation for assistance from the City of Grafton during the recent power emergency, letter recorded as part of the minutes, page seven.

D. Grafton Sesquicentennial Celebration Report:
Councilman Mason reported on various plans and activities being considered as part of Grafton's 150th anniversary celebration to be held during 2006. The next meeting for the Grafton Sesquicentennial (150th Anniversary) celebration planning committee will be held on Thursday, November 17, 2005, 7:00 p.m., at the International Mother's Day Shrine.

9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES

None.

10. UNFINISHED BUSINESS

A. Second Reading Ordinance No. 739 Waterworks and Sewerage System Bonds 2005 A (West Virginia SRF Program):
The short reading of Ordinance No. 739 was read by the Clerk as follows:

ORDINANCE NO. 739

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF 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 THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2005 A (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.

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to approve the second reading of Ordinance No. 739. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. Grafton Main Street Revitalization Project Phase I (ISTEA Grant)

City Manager submitted verbal request for Council to select a style/design type for benches, trash receptacles, and planters to be placed on Main Street in conjunction as part of the design of the Main Street revitalization project. City Manager submitted a catalog from the Service Supply LTD, Inc., 1524 South Hamilton Road, Columbus, Ohio, a company offering many styles and designs for benches, trash receptacles, and planters which would be suitable for the project.

By unanimous consensus Council gave approval for City Manager Kevin Stead to make selection regarding an appropriate style/type for benches, trash receptacles, and planters to be used with the project design for the Main Street Revitalization.

11. NEW BUSINESS

A. Payment of Bills:

1. Regular 2005-2006 Budgetary Bills - Year Listing No. 9

Bluemont Cemetery Fund	$	1,641.83
Coal Severance Fund	$	1,190.34
General Fund	$	69,534.25
Water Operations Fund	$	12,640.89
Sewer Service Fund	$	15,996.56
Total	$	101,003.87

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to pay the Regular Bills, November 15, 2005, in the amount of $101,003.87. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

2. 2001 Small Cities Block Grant (Sewer) Bills -Listing No. 17

GG & J Inc.	$	4,180.00
Total	$	4,180.00

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to pay the 2001 Small Cities Block Grant (Sewer) Bills, November 15, 2005, in the amount of $4,180.00. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. First Reading Ordinance No. 740 Amending City Charter Relating to Candidates for City Council:

The short reading of Ordinance No. 740 was read by the Clerk as follows:

ORDINANCE NO. 740

AN ORDINANCE AMENDING ARTICLE VII, SECTION 58 AND REPEALING ARTICLE VII, SECTION 59 OF THE GRAFTON CITY CHARTER RELATING TO CANDIDATES FOR CITY COUNCIL.

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the first reading of Ordinance No. 740. Roll call vote: Klepfel: Yes; Mason: No; Hines: Yes; and Bartlett: Yes. Motion carried.

C Demolition 107 East Main Street Struceture/129 West Main Street Structures:

Verbal request made by City Manager for Council to authorize approval for the demolition of three (3) buildings/structures, located on Main Street, demolition to be completed by AMI Demolition & Environmental Contracting, 192 Vista Del Rio, Morgantown, West Virginia 26508. The three structure to be razed are as follows:

1. 107 East Main Street structure, formerly The Clue Club, and more recently known as Bubba's Pizza.

2. 127 West Main Street structures, two buildings, first building formerly the First Baptist Church of Grafton and the second building formerly the First Baptist Church Annex/Educational Building, built by John T. McGraw as the Grafton Bank, and later for many years was the Grafton Municipal Building.

The City Manager reported the demolition bid submitted by AMI Demolition & Environmental Contracting was $110,000,00 for the three structures and the Taylor County Commission would contribute $30,000.00 toward the demolition price.

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the contract with AMI Demolition & Environmental Contracting, 192 Vista Del Rio, Morgantown, West Virginia 26508, for the demolition of (1) the former Clue Club/Bubba's Pizza Building (one structure) - 107 East Main Street; and (2) the former First Baptist Church and First Baptist Educational Building (two structures) - 129 West Main Street, in the amount of $110,000.00. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

12. CITIZENS VOICE

1. Lois V. Heflin, Mary F. Phillips, Eileen G. Shaw, Avis G. Smith:

Four members from the First Baptist Church of Grafton, representing the congregation, requested Council to consider not to demolish the former First Baptist Church building, 129 West Main Street, which was vacated by the congregation in 1986 when a new First Baptist Church edifice was constructed, and to promote a program to restore the building a downtown historical landmark/museum. A lengthy discussion followed the request as Council and City Manager attempted to explain the reasons the buildings in the present (current date) deteriorating condition could not be saved and a determination has been made that the buildings were no longer salvageable structures.

13. EXECUTIVE SESSION

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to enter into an Executive Session at 9:10 p.m. to discuss legal issues. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

Council back into Regular Session at 10:06 p.m. Motion was made by Vice Mayor Hines, second by Councilman Mason, to authorize approval for the St. Paul Fire and Marine Insurance Company, 1409 Greenbrier Street, Suite 201, Charleston, West Virginia 25311-1005, to negotiate settlement with Nicholas A. and Althea Mendaloff, 333 Maple Avenue, Grafton, West Virginia, and to acquire said real-estate

located at 333 Maple Avenue, Grafton, West Virginia. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

14. COUNCIL MEMBER'S HEARING

Mayor Bartlett:

Requested Council to consider for the City of Grafton to sponsor jointly with the Grafton Baltimore & Ohio Railroad Auxiliary a veterinary program "VET Reports with Dr. Nancy Rappaport" which would be produced by Station WTBZ AM 1260 Appalachian Radio, Inc. for one month with the City of Grafton paying an advertising amount of $25.00. Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to sponsor said request as presented by Mayor Bartlett. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

Reported on the meeting, held on Thursday, November 10, 2005, at the International Mother's Day Shrine, regarding the organization of the proposed Volunteers In Police Service (VIPS). Leaders in the meeting were Mayor G. Thomas Bartlett, III, Grafton Chief of Police Robert W. Beltner, and Taylor County Sheriff Robert H. Beltner

15. ADJOURNMENT

Mayor Bartlett adjourned the meeting at 10:40 p.m.

G. Thomas Bartlett, III
Mayor

ATTEST:

Larry M. Richman
City Clerk

TAYLOR COUNTY

Darle J. Setler, Jr.
Plant Manager
Phone: 304-265-5569

Robert G. Knotts–Chairman
James W. Riggleman–Treas.
Edward Beavers–Secretary

November 2, 2005

To The Honorable Mayor of the City of Grafton
G. Thomas Bartlett
City of Grafton
1 West Main Street
Grafton, WV 26354

Dear Mr. Bartlett:

I thought I would take a few minutes to express to you our deepest appreciation for the assistance that the City of Grafton gave to us during the recent power emergency. The two entities truly did work together for the common good of protecting our citizens and providing a safe and dependable potable water supply.

I would be amiss if I did not recognize some special employees that you have under your charge. In my humbled opinion, Gerald Weber is a god send to this community. His tireless efforts during the emergency kept us all in water. The close relationship we have developed over the years made it possible for our treatment plant to come back on line once power was restored. Mark Knotts, OES Director, was almost at my beck and call. His contacts and organizational skills will not be forgotten. Our beloved Fire Chief, Wayne Beall, also came to our aide by providing the PSD with a back up generator that we used at our tank site, it made the operations much smoother. Robert Beltner, Chief of Police, acted very promptly in assisting us with transportation needs to the tank site, by arranging a donated four wheeler from Leesons Motor Sales in Bridgeport.

These individuals in my humble opinion deserve great praise for courage under fire. They were not the only ones of your city crew that came to our assistance. From the City Fire Department to the City Water Department personnel, they were all at our beck and call and I am very proud of each and every one of them as a citizen of this town.

On behalf of the Board of Commissioners of TCPSD and myself, we thank you from the bottom of our hearts.

I remain in your service, most sincerely,

Darle J. Setler, Jr.
District Manager

cc: TCPSD Board of Commissioners

P.O. BOX 202 • GRAFTON, WV 26354-0202

CITY OF GRAFTON

Grafton City Council
International Mother's Day Shrine

AGENDA

Tuesday, December 6, 2005 – 6:30 p.m.

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Set Council Agenda
6. Approval of Minutes
   - A. Regular Council Meeting November 15, 2005
   - B. Special Council Meetings November 22, 2005 – 4:00 p.m.
   - C. Special Council Meetings November 22, 2005 – 6:30 p.m.
7. City Manager's Report
8. Communications, Board, Project and Conference Reports
   - A. November 2005 Water Loss Report
   - B. November 2005 Water Meter Report
   - C. November 2005 Police Department Report
   - D. November 2005 Fire Department Report
   - E. November 2005 Code Enforcement Department Report
   - F. Grafton City Hospital Minutes 10/24/2005
   - G. Grafton 150th Celebration Planning Committee Minutes 10/27/2005
9. Proclamations and Resolutions
   - A. Open Governmental Proceedings Rules Resolution
10. Unfinished Business
    - A. Public Hearing Ordinance No. 739 Combined Waterworks and Sewerage Revenue Bonds Series 2005 A (West Virginia SRF Program)
    - B. Third Reading Ordinance No. 739 Combined Waterworks and Sewer Revenue Bonds Series 2005 A (West Virginia SRF Program) (the "Bonds") to: (i) pay a portion of the costs of acquisition and construction of additions, improvements and betterments of the existing public sewerage facilities of the City (the "Project") and (ii) pay certain costs of issuance of the bonds.
    - C. Combined Waterworks and Sewer Revenue Bonds Series 2005 A Supplemental Resolution providing for the issuance of the Bonds.
    - D. Public Hearing Ordinance No. 740 Amending City Charter Relating to Candidates for City Council
    - E. Second Reading Ordinance No. 740 Amending City Charter Relating to Candidates for City Council
    - F. Award Bids Sanitary Sewer Project
      1. East Knotts and Lincoln Sanitary Sewer Improvements
      2. Fannie Extended Sanitary Sewer Improvements
      3. Wastewater Treatment Plant Improvements
      4. Berkley Run Pump Station Improvements
      5. Grand Street and Maple Avenue Sewer Cleaning Project Rebid
      6. Bluemont Cemetery Area/Front Street Sanitary Sewer Improvements
11. New Business
    - A. Payment of the Bills
      1. Regular Budgetary Bills December 6, 2005
    - B. Kentucky Fried Chicken Entrance Access - Virginia Avenue
    - C. Approval First Draw Resolution Revenue Bonds Series 2005 A For payment of invoices from the proceeds of the Bonds
    - D. One Time (Year 2005) Pay Increase
12. Citizens Voice
13. Executive Session
14. Council Member's Hearing
15. Adjournment

Larry M. Richman
City Clerk
December 1, 2005

A TRUE COPY FROM THE RECORD: MINUTES GRAFTON CITY COUNCIL MEETING-DECEMBER 6, 2005 (MINUTE BOOK NO. 21, PAGE 512-523).

LARRY M. RICHMAN – CITY CLERK

Grafton City Council
2005-2006 Year: Regular Meeting Number 10
Tuesday, December 6, 2005
International Mother's Day Shrine
First Floor - Lecture Room

1. CALL TO ORDER

Mayor Bartlett called the meeting to order at 6:30 p.m. and extended thanks to the International Mother's Day Shrine Foundation for the privilege to conduct the council meetings at the Shrine during the City Hall renovation.

2. INVOCATION

The invocation was given by Vice Mayor Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor G. Thomas Bartlett, III, Vice Mayor Immanuel "Joe" Hines, Councilman Robert A. Klepfel, and Councilman Donald "Skip" Mason. Also present: City Manager Kevin M. Stead, Police Chief Robert W. Beltner, Police Lieutenant Mark A. McCullough, Fire Chief/Building Inspector R. Wayne Beall, Code Enforcement Officer Frederick D. Ford, and City Clerk/Finance Director Larry M. Richman. Councilman James L. Morgan arrived at 6:48 p.m.

5. SET COUNCIL AGENDA

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the December 6, 2005 meeting agenda. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

6. MINUTES OF REGULAR COUNCIL MEETING NOVEMBER 15, 2005
MINUTES OF SPECIAL COUNCIL MEETING NOVEMBER 22, 2005
4:00 p.m.
MINUTES OF SPECIAL COUNCIL MEETING NOVEMBER 22, 2005
6:30 p.m.

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the November 15, 2005 Regular Council Meeting minutes, the November 22, 2005-4:00 p.m. Special Council Meeting minutes, and the November 22, 2005-6:30 p.m. Special Council Meeting minutes. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

7. CITY MANAGER'S REPORT

No written report submitted. Submitted letter, from the West Virginia Department of Environmental Protection, November 29, 2005, stating the City of Grafton is a recipient of a 2006 Recycling Assistance Grant in the amount of $11,200.00.

8. COMMUNICATIONS/COMMISSION, COMMITTEE, BOARD, REPORTS

A. Water Loss Report:
November 2005 Water Loss Report submitted.

B. Water Meter Report:
November 2005 Water Meter Replacement Report submitted.

C. Police Department Report:
November 2005 Police Department Report submitted.

D. Fire Department Report:
November 2005 Fire Department Report submitted.

E. Code Enforcement Department Report:
November 2005 Code Enforcement Department Report submitted.

F. Grafton City Hospital Minutes:
October 24, 2005 Board of Trustees Minutes submitted.

G. Grafton Sesquicentennial Celebration Minutes:
October 27, 2005 and November 17, 2005 Grafton 150th Celebration Planning Committee (Sesquicentennial Celebration) minutes submitted.

9. PROCLAMATIONS, RESOLUTIONS, CERTIFICATES

A. Open Governmental Proceedings Rules Resolution:

Resolution
City of Grafton
Open Governmental Proceedings Rules

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Grafton does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

(Recorded in Proclamation/Resolution Book No. 2 - Page 223)

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the Open Governmental Proceedings Rules Resolution. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

10. UNFINISHED BUSINESS

A. Public Hearing Ordinance No. 739 Waterworks and Sewerage System Bonds 2005 A (West Virginia SRF Program):
Mayor Bartlett opened the floor to anyone wishing to speak in favor or against the passage of Ordinance No. 739. No one spoke, public hearing closed.

B. Third Reading Ordinance No. 739 Waterworks and Sewerage System Bonds 2005 A (West Virginia SRF Program):
The short reading of Ordinance No. 739 was read by the Clerk as follows:

ORDINANCE NO. 739

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF 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 THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2005 A (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.

(Recorded In Ordinance Book No. 4, Page 545)

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the third reading and passage of Ordinance No. 739. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

C. Combined Waterworks and Sewer Revenue Bonds Series 2005 A Supplemental Resolution providing for the issuance of the Bonds:

Resolution document was not available. By unanimous consensus of Council, a special meeting was scheduled for Tuesday, December 13, 2005, beginning at 4:00 p.m. in the Conference Room of the Grafton Municipal building, to consider the approval of the Combined Waterworks and Sewer Revenue Bonds Series 2005 A Supplemental Resolution.

D. Public Hearing Ordinance No. 740 Amending City Charter Relating to Candidates for City Council:

Mayor Bartlett opened the floor to anyone wishing to speak in favor or against the passage of Ordinance No. 740. No one spoke, public hearing closed.

E. Second Reading Ordinance No. 740 Amending City Charter Relating to Candidates for City Council:

The short reading of Ordinance No. 740 was read by the Clerk as follows:

ORDINANCE NO. 740

AN ORDINANCE AMENDING ARTICLE VII, SECTION 58 AND REPEALING ARTICLE VII, SECTION 59 OF THE GRAFTON CITY CHARTER RELATING TO CANDIDATES FOR CITY COUNCIL.

(Recorded In Ordinance Book No. 4, Page)

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the second reading and passage of Ordinance No. 740. Roll call vote: Klepfel: Yes; Mason: No; Morgan: No; Hines: Yes; and Bartlett: Yes. Motion carried.

F. Award Bids Sanitary Sewer Project:

Invitation To Bid

Sealed proposals will be received at the City of Grafton, 1 West Main Street, Grafton, West Virginia 26354, until 4:00 p.m. Local Time on September 22, 2005, or as may be amended by written Addenda:
City of Grafton, West Virginia

East Knotts and Lincoln Sanitary Sewer Improvements
Fannie Extended Sanitary Sewer Improvements

Invitation To Bid

Sealed proposals will be received at the City of Grafton, 1 West Main Street, Grafton, West Virginia 26354, until 4:00 p.m. Local Time on November 22, 2005, or as may be amended by written Addenda:
City of Grafton, West Virginia

Wastewater Treatment Plant Improvements
Berkley Run Pump Station Improvements
Grand Street and Maple Avenue Sewer Cleaning Project Rebid
Bluemont Cemetery Area & Front Street Sanitary Sewer Improvements

1. East Knotts and Lincoln Sanitary Sewer Improvements:

Following a thirty (30) day advertisement period, bids were received and opened on September 22, 2005 at 4:00 p.m. A total of four (4) contractors submitted bids and the bid tabulation summarizing the bids were as follows:

1. Coin Contracting
   P. O. Box 2667
   Elkins, WV 26241
   Envelope No. One - Bid Documents Not Correctly Submitted.
   Envelope No. Two - Bid Envelope Not Opened.

2. Glenn Johnston Inc.
   1055 Center Street
   McKeesport, PA 15132
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 872,295.00

3. Mountaineer Contractors, Inc.
   RR 26 South
   Kingwood, WV 26537
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 640,505.00

4. The James White Construction Co.
   4156 Freedom Way
   Weirton, WV 26062
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 487,366.00

Motion was made by Councilman Morgan, second by Councilman Klepfel, to award the bid for the East Knotts and Lincoln Sanitary Sewer Improvements to the The James White Construction Co., 4156 Freedom Way, Weirton, West Virginia 26062, for the bid amount of $487,366.00. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

2. Fannie Extended Sanitary Sewer Improvements:

Following a thirty (30) day advertisement period, bids were received and opened on September 22, 2005 at 4:00 p.m. A total of four (4) contractors submitted bids and the bid tabulation summarizing the bids were as follows:

1. D. & M Contracting, Inc.
   1868 Lions Club Road
   New Alexandria, PA 15670
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 1,760,996.00

2. Glenn Johnston Inc.
   1055 Center Street
   McKeesport, PA 15132
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 2,371,249.00
   and combined bid
   (Fannie Extended Sanitary Sewer Improvements
   East Knotts and Lincoln Sanitary Sewer Improvements)
   $ 3,204,463.00

3. Mountaineer Contractors, Inc.
   RR 26 South
   Kingwood, WV 26537
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 1,454,805.00
   and combined bid
   (Fannie Extended Sanitary Sewer Improvements
   East Knotts and Lincoln Sanitary Sewer Improvements)
   $ 2,085,310.00

4. The James White Construction Co.
   4156 Freedom Way
   Weirton, WV 26062
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 1,195,211.00
   Corrected Bid 10/11/2005 (*) $ 1,268,089.00

   (*) Clarification Letter and Corrected Bid reviewed by Council and recorded as part of the minutes, page eleven and page twelve.

Motion was made by Councilman Morgan, second by Councilman Klepfel, to award the bid for the Fannie Extended Sanitary Sewer Improvements to The James White Construction Co., 4156 Freedom Way, Weirton, West Virginia 26062, for the bid amount of $1,268,089.00. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: No. Motion carried.

3. Wastewater Treatment Plant Improvements:

Following a thirty (30) day advertisement period, bids were received and opened on November 22, 2005 at 4:00 p.m. A total of three (3) contractors submitted bids and the bid tabulation summarizing the bids were as follows:

1. Breckenridge Corporation
   Brickyard Road
   Buckhannon, WV 26201
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 3,349,000.00

2. Kranick Environmental Contractors, Inc.
   537 Lincoln Highway
   East McKeesport, PA 15035
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 3,451,000.00

3. Michel, Inc.
   RR 1, Box 23
   Bridgeport, WV 26330
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 3,461,000.00

Motion was made by Councilman Morgan, second by Councilman Mason, to award the bid for the Wastewater Treatment Plant Improvements to the Breckenridge Corporation, Brickyard Road, Buckhannon, West Virginia 26201, for the bid amount of $3,349,000.00. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

4. Berkley Run Pump Station Improvements:

Following a thirty (30) day advertisement period, bids were received and opened on November 22, 2005 at 4:00 p.m. A total of two (2) contractors submitted bids and the bid tabulation summarizing the bids were as follows:

1. Breckenridge Corporation
   Brickyard Road
   Buckhannon, WV 26201
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 1,069,000.00

2. Michel, Inc.
   RR 1, Box 23
   Bridgeport, WV 26330
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 813,000.00

Motion was made by Councilman Morgan, second by Vice Mayor Hines, to award the bid for the Berkley Run Pump Station Improvements to Michel, Inc., RR 1, Box 23, Bridgeport, West Virginia 26330, for the bid amount of $813,000.00. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

5. Grand Street and Maple Avenue Sewer Cleaning Project Rebid:

Following a thirty (30) day advertisement period, bids were received and opened on November 22, 2005 at 4:00 p.m. Only one (1) contractor submitted a bid and the bid tabulation summarizing the bid was as follows:

1. Robinson Pipe Cleaning Co.
   One Rainey Road
   Eighty Four, PA 15330
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 271,325.95

Motion was made by Councilman Morgan, second by Councilman Mason, to award the bid for the Grand Street and Maple Avenue Sewer Cleaning Project (Rebid) to Robinson Pipe Cleaning Co., One Rainey Road, Eighty Four, Pennsylvania 15330, for the bid amount of $271,325.95. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

6. Bluemont Cemetery Area & Front Street Sanitary Sewer Improvements:

Following a thirty (30) day advertisement period, bids were received and opened on November 22, 2005 at 4:00 p.m. A total of two (2) contractors submitted bids and the bid tabulation summarizing the bids were as follows:

1. Alex Paris Contracting Company
   1595 Smith Twp Street Road
   Atlasburg, PA 15004
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 1,106,425.00

2. The James White Construction Co.
   4156 Freedom Way
   Weirton, WV 26062
   Envelope No. One - All Bid Documents Submitted.
   Envelope No. Two - Bid: $ 1,376,733.00

Motion was made by Councilman Morgan, second by Councilman Klepfel, to award the bid for the Bluemont Cemetery Area and Front Street Sanitary Sewer Improvements to Alex Paris Contracting Company, 1595 Smith Twp Street Road, Atlasburg, Pennsylvania 15004, for the bid amount of $1,106,425.00. Roll call vote: Klepfel: Yes; Mason: Yes Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

11. NEW BUSINESS

A. Payment of Bills:

1. Regular 2005-2006 Budgetary Bills - Year Listing No. 10

Bluemont Cemetery Fund	$	891.53
General Fund	$	31,919.17
Water Operations Fund	$	46,408.83
Sewer Service Fund	$	33,880.95
Total	$	113,100.48

Motion was made by Councilman Klepfel, second by Councilman Mason, to pay the Regular Bills, December 6, 2005, in the amount of $113,100.48. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

B. Kentucky Fried Chicken Entrance Access - Virginia Avenue:

Letter and verbal presentation from Fire Chief/Building Inspector R. Wayne Beall was submitted relating to a proposed expansion project for the Grafton Kentucky Fried Chicken restaurant and a request for approval to use a small portion (an area which was not identified with sufficient measurements and specifications) of Virginia Avenue, a street/public right-of-way, as an access street entrance to a proposed "drive-through" food sales serving window. Council requested Mr. Beall to

obtain an accurate map which would include specifications relating to said access drive proposed which would effect normal traffic flow on Virginia Avenue.

C. Approval First Draw Resolution Revenue Bonds Series 2005 A:
(West Virginia SRF Program)
2005 Bond Trust Bills - Listing No. 1

Gills, Guard and Johnson, Inc. (GGJ)	$	7,402.50
City of Grafton-Administration	$	5,466.87
Huntington Private Financial Group	$	500.00
Steptoe & Johnson Attorneys at Law	$	25,000.00
City of Grafton 2005 Bond Construction Deposit	$	32,090.63
WV Bond Commission-City of Grafton Reserve Fund Deposit	$	140,920.00
Total	$	211,380.00

Motion was made by Councilman Morgan, second by Vice Mayor Hines, to approve the First Draw Resolution Revenue Bonds Series 2005 A: 2005 Bond Trust Bills - Listing No. 1, in the amount of $211,380.00. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

D. One Time (Year 2005) Pay Increase:
$100.00 (full time) $50.00 (part time) Christmas (year 2005) "one time pay increase" to all City employees, including the City Attorney, the City Judge, and the contractual Sewer Department Director, was submitted as follows for approval:

One Time Pay Increase by Funds:	
General Fund	$ 3,150.00
Bluemont Cemetery Fund	$ 200.00
Water Operations & Maintenance Fund	$ 800.00
Sewer Service Fund	$ 900.00
Total	$ 5,050.00

Motion was made by Vice Mayor Hines, second by Councilman Klepfel, to give the employees of the City of Grafton, including the City Attorney, the City Judge, and the contractual Sewer Department Director, a Christmas "one time only" $100.00 (one hundred dollars) full time and $50.00 (fifty dollars) part time pay raise. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

12. CITIZENS VOICE

No one registered to speak.

13. EXECUTIVE SESSION

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to enter into an Executive Session at 8:27 p.m. to discuss legal issues. Roll call vote: Klepfel: Yes; Mason: Yes; Morgan: Yes; Hines: Yes; and Bartlett: Yes. Motion carried.

Council back into Regular Session at 9:23 p.m. The Mayor stated while in Executive Session legal issues were discussed and no action will be taken at this time.

14. COUNCIL MEMBER'S HEARING

Vice Mayor Hines:

Requested Warder Avenue to be included on the 2006 Street Paving list of streets to be considered for paving/resurfacing.

Mayor Bartlett:

Stated he was approached by Taylor County Commission member Robert C. Weaver regarding the possible acquisition of a certain piece of real-estate owned by the City of Grafton, said real-estate being a lot located on Latrobe Street behind Poling's Union 76 Service Station. The Taylor County Commission was interested in this location as a possible site for the construction of a small building to house the Family Law Court and a storage facility for the County Court House.

15. ADJOURNMENT

Mayor Bartlett adjourned the meeting at 9:36 p.m.

G. Thomas Bartlett, III
Mayor

ATTEST:

Larry M. Richman
City Clerk

THE JAMES WHITE CONSTRUCTION CO.

General Contractors and Excavating

4156 FREEDOM WAY • WEIRTON, WV 26062-5296

October 11, 2005

Mr. Kevin Stead, City Manager
City of Grafton
2 West Main Street
Grafton, WV 26354

RE: Fannie Extended Sanitary Sewer Improvements

Dear Mr. Stead:

I am writing this letter to inform you that The James White Construction Co. did not receive Addendum No.1 for the above referenced project during the bidding process. Mr. Bill Boyle has informed us that the "Bid Proposal Form" page 00300-13 identified as "Base Bid Schedule" was modified in Addendum No.1 dated September 16, 2005 and that our bid was submitted on the original "Base Bid Schedule" of the Bid Proposal Form.

I am enclosing a corrected "Base Bid Schedule" page 00300-13 of the Bid Proposal Form modified per Addendum No.1. As you will notice this modification added bid Items 20 and 21 and changed the quantity and units of Item 13. This has affected the total amount of our bid. The James White Construction Co. will honor our bid with the understanding that a change order will be issued and executed for the unit prices per the enclosed Addendum No.1 "Base Bid Schedule".

For your information we received Addendum No.1 dated September 16, 2005 for East Knotts & Lincoln Sanitary Sewer Improvements and we now believe that we were mistakenly sent Addendum No.1 for the Berkeley Run Pump Station Improvements project instead of the Fannie Extended Sanitary Sewer Improvements project and we never questioned the fact that no addendum was issued for the Fannie Extended sewer project.

We are looking forward to working with the City of Grafton and GGJ, Inc. on your sanitary sewer improvement projects.

Very Truly Yours,

Michael Gianni
President

MG/mag

MEMBER AGC and NUCA
An Equal Opportunity Employer

Contractor License #WV000492
Phone: 304-748-8181 · Fax: 304-748-8183

PROPOSAL TO THE CITY OF GRAFTON, WEST VIRGINIA

FANNIE EXTENDED SANITARY SEWER IMPROVEMENTS

BASE BID SCHEDULE

Base Bid Item	Item Description	Est. Qty.	Unit	Unit Price Material	Unit Price Labor	Total Unit Price	Total Price
1	Bond and Insurance	1	LUMP SUM	$30,500.00	$ 0	$30,500.00	$30,500.00
2	Mobilization	1	LUMP SUM	$34,000.00	$15,000.00	$49,000.00	$49,000.00
3	Maintenance of Traffic	1	LUMP SUM	$2,000.00	$8,000.00	$10,000.00	$10,000.00
4	Precast Sanitary Manholes	36	Ea.	$1,200.00	$1,100.00	$2,300.00	$82,800.00
5	6" Sanitary Lateral - PVC SDR 35	75	Ea.	$500.00	$1,400.00	$1,900.00	$142,500.00
6	8" Sanitary Sewer – PVC SDR 35	3,523	LF	$17.00	$18.00	$35.00	$123,305.00
7	10" Sanitary Sewer – PVC SDR 35	73	LF	$20.00	$50.00	$70.00	$5,110.00
8	Sanitary Clean-out	75	Ea.	$150.00	$450.00	$600.00	$45,000.00
9	Precast Storm Manholes	2	Ea.	$1,000.00	$3,500.00	$4,500.00	$9,000.00
10	12" Storm Sewer – PVC SDR 35	271	LF	$18.00	$22.00	$40.00	$10,840.00
11	Storm Headwalls	2	Ea.	$680.00	$520.00	$1,200.00	$2,400.00
12	Concrete (State Road Trench)	576	CY	$170.00	$15.00	$185.00	$106,560.00
13	Pavement Replacement	511	CY	$220.00	$146.00	$366.00	$187,026.00
14	Drop Manhole Connections	2	EA	$200.00	$400.00	$600.00	$1,200.00
15	Seeding & Mulching	5847	SY	$1.40	$1.60	$3.00	$17,541.00
16	Rock Excavation	3000	CY	$0	$38.00	$38.00	$114,000.00
17	Preliminary Video Tape Record	1	LUMP SUM	$0	$1,500.00	$1,500.00	$1,500.00
18	Sanitary Sewer Cleaning	7500	LF	$0	$10.00	$10.00	$75,000.00
19	Sanitary Sewer Televising	7500	LF	$0	$1.00	$1.00	$7,500.00
20	8" Sanitary Sewer – PVC SDR 26	3,211	LF	$40.00	$22.00	$62.00	$199,082.00
21	10" Sanitary Sewer – PVC SDR 26	643	LF	$50.00	$25.00	$75.00	$48,225.00

TOTAL 1,268,089.00

TOTAL AMOUNT OF PROJECT (IN FIGURES) #1,268,089.00

TOTAL AMOUNT OF PROJECT (IN WORDS) One Million Two Hundred Sixty Eight Thousand Eighty Nine Dollars & Zero Cents.

CITY OF GRAFTON

Grafton City Council
Grafton Municipal Building Conference Room

AGENDA

Tuesday, December 13, 2005 – 4:00 p.m.

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Set Council Agenda
6. Proclamations and Resolutions
   A. Combined Waterworks and Sewer Revenue Bonds Series 2005 A
      Supplemental Resolution providing for the issuance of the Bonds.

City Clerk
December 8, 2005

A TRUE COPY FROM THE RECORD: MINUTES GRAFTON CITY COUNCIL MEETING-DECEMBER 13, 2005 (MINUTE BOOK NO. 21, PAGE 524-530).

LARRY M. RICHMAN – CITY CLERK

Grafton City Council
2005-2006 Year: Special Meeting Number 4
Tuesday, December 13, 2005
Grafton Municipal Building Conference Room

1. CALL TO ORDER

Mayor Bartlett called the meeting to order at 4:07 p.m.

2. INVOCATION

The invocation was given by Vice Mayor Hines.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance, led by Mayor Bartlett, was recited by all in attendance.

4. ROLL CALL

The roll call was taken, answering: Mayor G. Thomas Bartlett, III, Vice Mayor Immanuel J. "Joe" Hines, Councilman Robert A. Klepfel, and Councilman Donald S. "Skip" Mason. Also present: City Manager Kevin M. Stead, Sewer Project Attorney Hunter B. Mullens, Steptoe & Johnson Attorneys At Law Attorney Thomas L. Aman, Jr., and City Clerk/Finance Director Larry M. Richman. Councilman James L. Morgan did not attend.

5. SET COUNCIL AGENDA

Motion was made by Councilman Klepfel, second by Vice Mayor Hines, to approve the December 13, 2005 Special Meeting agenda. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

6. PROCLAMATIONS AND RESOLUTIONS

A. C. Combined Waterworks and Sewer Revenue Bonds Series 2005 A Supplemental Resolution providing for the issuance of the Bonds:

Attorney Thomas L. Aman, Jr., representing Steptoe & Johnson Attorneys At Law, explained the Combined Waterworks and Sewer Revenue Bonds Series 2005 A Supplemental Resolution, relating to Bond Ordinance No. 739 (recorded in Ordinance Book No. 4-Page 545) providing for the issuance of the Bonds and specifies the terms of the Series 2005 A Bonds. Submitted a two page memorandum and three page Net Debt Service Schedule - both documents, five pages, recorded as part of the minutes, page three through page seven.

SUPPLEMENTAL RESOLUTION
Combined Waterworks and Sewerage System Revenue Bonds, 2005 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALES PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF GRAFTON; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

(Recorded in Proclamation/Resolution Book No. 2, Page 225)

Motion was made by Councilman Mason, second by Councilman Klepfel, to approve the City of Grafton Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) Supplemental Resolution. Roll call vote: Klepfel: Yes; Mason: Yes; Hines: Yes; and Bartlett: Yes. Motion Carried.

7. ADJOURNMENT

Mayor Bartlett adjourned the meeting at 4:18 p.m.

G. Thomas Bartlett, III
Mayor

ATTEST:

Larry M. Richman
City Clerk

(304) 353-8196 - Telephone
(304) 353-8181 - Fax
stumpjc@steptoe-johnson.com

MEMORANDUM

To: City Council of the City of Grafton

From: John Stump, Esquire

Date: December 13, 2005

Re: Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) (referred to as the "Series 2005 A Bonds")

BOND ISSUE	LENDER	AMOUNT	INTEREST RATE	TERM
Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A	West Virginia State Revolving Fund Program	$4,227,582	0% 0.5%Admin.Fee	30 years

The Supplemental Resolution specifies the terms of the Series 2005 A Bonds. The proceeds of these bonds will be used to: (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) pay certain costs of issuance of the Series 2005 A Bonds and related costs.

The Debt Service Schedule for the Series 2005 A Bonds is attached. The required quarterly principal payments on the Series 2005 A Bonds will commence on June 1, 2008. The West Virginia Municipal Bond Commission (the "MBC") will forward a letter to the City approximately 5 months in advance of this date and will request 1/3rd of the June 1, 2008 payment be made to MBC commencing on March 1, 2008, 1/3rd on April 1, 2008 and 1/3rd on May 1, 2008, as follows:

SERIES 2005 A BONDS PRINCIPAL PAYMENTS

March 1, 2008	$ 11,743.33 (approx.)
April 1, 2008	$ 11,743,33 (approx.)
May 1, 2008	$ 11,743.34 (approx.)
TOTAL	$ 35,230.00

On June 1, 2008, MBC will make the required quarterly payment to the West Virginia State Revolving Fund for the Series 2005 A Bonds. All future payments will be broken up into thirds and paid to MBC prior to all scheduled quarterly payment dates.

The Administrative Fee will be broken up into thirds and paid to MBC prior to all scheduled quarterly payment dates as well. The Administrative Fee is listed under "Expenses" on the attached debt service schedule:

SERIES 2005 A BONDS ADMINISTRATIVE FEE

March 1, 2008	$ 1,761.49 (approx.)
April 1, 2008	$ 1,761.49 (approx.)
May 1, 2008	$ 1,761.50 (approx.)
TOTAL	$ 5,284.48

The Series 2005 A Bonds cannot be refunded unless the City obtains prior written consent from the West Virginia Water Development Authority, on behalf of the West Virginia Department of Environmental Protection - State Revolving Fund.

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

Net Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
03/01/2006	-	-	-	-	-
06/01/2006	-	-	-	-	-
09/01/2006	-	-	-	-	-
12/01/2006	-	-	-	-	-
03/01/2007	-	-	-	-	-
06/01/2007	-	-	-	-	-
09/01/2007	-	-	-	-	-
12/01/2007	-	-	-	-	-
03/01/2008	-	-	-	-	-
06/01/2008	35,230.00	-	35,230.00	5,284.48	40,514.48
09/01/2008	35,230.00	-	35,230.00	5,240.44	40,470.44
12/01/2008	35,230.00	-	35,230.00	5,196.41	40,426.41
03/01/2009	35,230.00	-	35,230.00	5,152.37	40,382.37
06/01/2009	35,230.00	-	35,230.00	5,108.33	40,338.33
09/01/2009	35,230.00	-	35,230.00	5,064.29	40,294.29
12/01/2009	35,230.00	-	35,230.00	5,020.26	40,250.26
03/01/2010	35,230.00	-	35,230.00	4,976.22	40,206.22
06/01/2010	35,230.00	-	35,230.00	4,932.18	40,162.18
09/01/2010	35,230.00	-	35,230.00	4,888.14	40,118.14
12/01/2010	35,230.00	-	35,230.00	4,844.11	40,074.11
03/01/2011	35,230.00	-	35,230.00	4,800.07	40,030.07
06/01/2011	35,230.00	-	35,230.00	4,756.03	39,986.03
09/01/2011	35,230.00	-	35,230.00	4,711.99	39,941.99
12/01/2011	35,230.00	-	35,230.00	4,667.96	39,897.96
03/01/2012	35,230.00	-	35,230.00	4,623.92	39,853.92
06/01/2012	35,230.00	-	35,230.00	4,579.88	39,809.88
09/01/2012	35,230.00	-	35,230.00	4,535.84	39,765.84
12/01/2012	35,230.00	-	35,230.00	4,491.81	39,721.81
03/01/2013	35,230.00	-	35,230.00	4,447.77	39,677.77
06/01/2013	35,230.00	-	35,230.00	4,403.73	39,633.73
09/01/2013	35,230.00	-	35,230.00	4,359.69	39,589.69
12/01/2013	35,230.00	-	35,230.00	4,315.66	39,545.66
03/01/2014	35,230.00	-	35,230.00	4,271.62	39,501.62
06/01/2014	35,230.00	-	35,230.00	4,227.58	39,457.58
09/01/2014	35,230.00	-	35,230.00	4,183.54	39,413.54
12/01/2014	35,230.00	-	35,230.00	4,139.51	39,369.51
03/01/2015	35,230.00	-	35,230.00	4,095.47	39,325.47
06/01/2015	35,230.00	-	35,230.00	4,051.43	39,281.43
09/01/2015	35,230.00	-	35,230.00	4,007.39	39,237.39
12/01/2015	35,230.00	-	35,230.00	3,963.36	39,193.36
03/01/2016	35,230.00	-	35,230.00	3,919.32	39,149.32
06/01/2016	35,230.00	-	35,230.00	3,875.28	39,105.28
09/01/2016	35,230.00	-	35,230.00	3,831.24	39,061.24
12/01/2016	35,230.00	-	35,230.00	3,787.21	39,017.21

$4,227,582

City of Grafton

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

Closing Date: December 19, 2005

Net Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
03/01/2017	35,230.00	-	35,230.00	3,743.17	38,973.17
06/01/2017	35,230.00	-	35,230.00	3,699.13	38,929.13
09/01/2017	35,230.00	-	35,230.00	3,655.09	38,885.09
12/01/2017	35,230.00	-	35,230.00	3,611.06	38,841.06
03/01/2018	35,230.00	-	35,230.00	3,567.02	38,797.02
06/01/2018	35,230.00	-	35,230.00	3,522.98	38,752.98
09/01/2018	35,230.00	-	35,230.00	3,478.94	38,708.94
12/01/2018	35,230.00	-	35,230.00	3,434.91	38,664.91
03/01/2019	35,230.00	-	35,230.00	3,390.87	38,620.87
06/01/2019	35,230.00	-	35,230.00	3,346.83	38,576.83
09/01/2019	35,230.00	-	35,230.00	3,302.79	38,532.79
12/01/2019	35,230.00	-	35,230.00	3,258.76	38,488.76
03/01/2020	35,230.00	-	35,230.00	3,214.72	38,444.72
06/01/2020	35,230.00	-	35,230.00	3,170.68	38,400.68
09/01/2020	35,230.00	-	35,230.00	3,126.64	38,356.64
12/01/2020	35,230.00	-	35,230.00	3,082.61	38,312.61
03/01/2021	35,230.00	-	35,230.00	3,038.57	38,268.57
06/01/2021	35,230.00	-	35,230.00	2,994.53	38,224.53
09/01/2021	35,230.00	-	35,230.00	2,950.49	38,180.49
12/01/2021	35,230.00	-	35,230.00	2,906.46	38,136.46
03/01/2022	35,230.00	-	35,230.00	2,862.42	38,092.42
06/01/2022	35,230.00	-	35,230.00	2,818.38	38,048.38
09/01/2022	35,230.00	-	35,230.00	2,774.34	38,004.34
12/01/2022	35,230.00	-	35,230.00	2,730.31	37,960.31
03/01/2023	35,230.00	-	35,230.00	2,686.27	37,916.27
06/01/2023	35,230.00	-	35,230.00	2,642.23	37,872.23
09/01/2023	35,230.00	-	35,230.00	2,598.19	37,828.19
12/01/2023	35,230.00	-	35,230.00	2,554.16	37,784.16
03/01/2024	35,230.00	-	35,230.00	2,510.12	37,740.12
06/01/2024	35,230.00	-	35,230.00	2,466.08	37,696.08
09/01/2024	35,230.00	-	35,230.00	2,422.04	37,652.04
12/01/2024	35,230.00	-	35,230.00	2,378.01	37,608.01
03/01/2025	35,230.00	-	35,230.00	2,333.97	37,563.97
06/01/2025	35,230.00	-	35,230.00	2,289.93	37,519.93
09/01/2025	35,230.00	-	35,230.00	2,245.89	37,475.89
12/01/2025	35,230.00	-	35,230.00	2,201.86	37,431.86
03/01/2026	35,230.00	-	35,230.00	2,157.82	37,387.82
06/01/2026	35,230.00	-	35,230.00	2,113.78	37,343.78
09/01/2026	35,230.00	-	35,230.00	2,069.74	37,299.74
12/01/2026	35,230.00	-	35,230.00	2,025.71	37,255.71
03/01/2027	35,230.00	-	35,230.00	1,981.67	37,211.67
06/01/2027	35,230.00	-	35,230.00	1,937.63	37,167.63
09/01/2027	35,230.00	-	35,230.00	1,893.59	37,123.59
12/01/2027	35,230.00	-	35,230.00	1,849.56	37,079.56

$4,227,582

City of Grafton
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: December 19, 2005

Net Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
03/01/2028	35,230.00	-	35,230.00	1,805.52	37,035.52
06/01/2028	35,230.00	-	35,230.00	1,761.48	36,991.48
09/01/2028	35,230.00	-	35,230.00	1,717.44	36,947.44
12/01/2028	35,230.00	-	35,230.00	1,673.41	36,903.41
03/01/2029	35,230.00	-	35,230.00	1,629.37	36,859.37
06/01/2029	35,230.00	-	35,230.00	1,585.33	36,815.33
09/01/2029	35,230.00	-	35,230.00	1,541.29	36,771.29
12/01/2029	35,230.00	-	35,230.00	1,497.26	36,727.26
03/01/2030	35,230.00	-	35,230.00	1,453.22	36,683.22
06/01/2030	35,230.00	-	35,230.00	1,409.18	36,639.18
09/01/2030	35,230.00	-	35,230.00	1,365.14	36,595.14
12/01/2030	35,230.00	-	35,230.00	1,321.11	36,551.11
03/01/2031	35,230.00	-	35,230.00	1,277.07	36,507.07
06/01/2031	35,230.00	-	35,230.00	1,233.03	36,463.03
09/01/2031	35,230.00	-	35,230.00	1,188.99	36,418.99
12/01/2031	35,230.00	-	35,230.00	1,144.96	36,374.96
03/01/2032	35,230.00	-	35,230.00	1,100.92	36,330.92
06/01/2032	35,230.00	-	35,230.00	1,056.88	36,286.88
09/01/2032	35,230.00	-	35,230.00	1,012.84	36,242.84
12/01/2032	35,230.00	-	35,230.00	968.81	36,198.81
03/01/2033	35,230.00	-	35,230.00	924.77	36,154.77
06/01/2033	35,230.00	-	35,230.00	880.73	36,110.73
09/01/2033	35,230.00	-	35,230.00	836.69	36,066.69
12/01/2033	35,229.00	-	35,229.00	792.66	36,021.66
03/01/2034	35,229.00	-	35,229.00	748.62	35,977.62
06/01/2034	35,229.00	-	35,229.00	704.58	35,933.58
09/01/2034	35,229.00	-	35,229.00	660.55	35,889.55
12/01/2034	35,229.00	-	35,229.00	616.51	35,845.51
03/01/2035	35,229.00	-	35,229.00	572.48	35,801.48
06/01/2035	35,229.00	-	35,229.00	528.44	35,757.44
09/01/2035	35,229.00	-	35,229.00	484.40	35,713.40
12/01/2035	35,229.00	-	35,229.00	440.37	35,669.37
03/01/2036	35,229.00	-	35,229.00	396.33	35,625.33
06/01/2036	35,229.00	-	35,229.00	352.29	35,581.29
09/01/2036	35,229.00	-	35,229.00	308.26	35,537.26
12/01/2036	35,229.00	-	35,229.00	264.22	35,493.22
03/01/2037	35,229.00	-	35,229.00	220.19	35,449.19
06/01/2037	35,229.00	-	35,229.00	176.15	35,405.15
09/01/2037	35,229.00	-	35,229.00	132.11	35,361.11
12/01/2037	35,229.00	-	35,229.00	88.08	35,317.08
03/01/2038	35,229.00	-	35,229.00	44.04	35,273.04
Total	**$4,227,582.00**	-	**$4,227,582.00**	**$319,710.20**	**$4,547,292.20**

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 19, 2005

(See Reverse for Instructions)

ISSUE: City of Grafton Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program)

ADDRESS: 1 West Main Street, Grafton, WV 26354 COUNTY: Taylor

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: December 19, 2005

CLOSING DATE: December 19, 2005

ISSUE AMOUNT: $ 4,227,582

RATE: 0%; Admin Fee: .5%

1ST DEBT SERVICE DUE: June 1, 2008

1ST PRINCIPAL DUE: June 1, 2008

1ST DEBT SERVICE AMOUNT: $ 35,230

PAYING AGENT: West Virginia Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump
Phone: (304) 353-8196

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

CLOSING BANK: First Community Bank of Grafton
Contact Person: Kay Baker
Phone: 304.265.1111

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Kevin M. Stead
Position: City Manager
Phone: (304) 265-1412 (ext. 16)

OTHER: West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Programs Mgr. (SRF)
Phone: (304) 926-0449 (ext. 1608)

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
X Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ 140,920
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: The Series 2005 A Bonds Reserve Account will be fully funded at closing with Bond proceeds.

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 specificed 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.

12/12/05
345720.00002

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Community Bank of Grafton, 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 December 6, 2005, and a Supplemental Resolution adopted by the Issuer on December 13, 2005 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated December 19, 2005, issued in the original aggregate principal amount of $ 4,227,582 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 19th day of December, 2005.

FIRST COMMUNITY BANK OF GRAFTON

By: _____
Its: Authorized Officer

12/8/05
345720.00002

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the City of Grafton (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) of the Issuer, dated December 19, 2005, in the principal amount of $ 4,227,582, numbered AR-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 The Huntington National Bank, as Registrar.

WITNESS my signature on this 19th day of December, 2005.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

12/8/05
345720.00002

CITY OF GRAFTON

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of December 19, 2005, by and between the CITY OF GRAFTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $ 4,227,582 Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated the date hereof, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted December 6, 2005, and a Supplemental Resolution of the Issuer duly adopted December 13, 2005 (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, if any, 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. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

5. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

6. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: City of Grafton
1 West Main Street
Grafton, West Virginia 26354
Attention: City Manager

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attn: Corporate Trust Department

7. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

8. 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.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

CITY OF GRAFTON

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

12/8/05
345720.00002

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

CITY OF GRAFTON

By:_____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By:_____
Its: Authorized Officer

12/8/05
345720.00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(Please see the attached)

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0021822
SUBJECT: Sewage

ISSUE DATE: February 22, 2002
EFFECTIVE DATE : March 24, 2002
EXPIRATION DATE: February 21, 2007
SUPERSEDES: Permit No. WV0021822 dated November 01, 1994

LOCATION: GRAFTON	Taylor	Tygart Valley River
(City)	(County)	(Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: GRAFTON CITY OF
1 W MAIN ST
GRAFTON, WV 26354

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
to operate and maintain an existing 1.50 MGD wastewater treatment facility consisting of approximately eighty-four (84) miles of four (4)-inch to thirty-six (36)-inch diameter gravity sewer line, approximately 24,380 linear feet of force main of 3-inch, 10-inch, and 14-inch diameter, 280 manholes, 110 cleanouts, and eight (8) lift stations. The system also includes two (2) storm control tanks, grit chamber, comminutor, bar screen, gravity conveyor, grease trap, four (4) aeration chambers of 95,325 gallon capacity each, two (2) blowers per aeration chamber of 40 HP, one (1) primary clarifier of 156,377 gallon capacity, two (2) secondary clarifiers of 82,623 gallon capacity each, one (1) sludge thickener of 36,922 gallon capacity, one (1) decant tank of 18,056 gallon capacity, two (2) aerobic digestors of 95,325 gallon capacity each, one (1) chlorine contact chamber of 31,957 gallon capacity, a dechlorination system, one (1) dewatering centrifuge, and all necessary appurtenances.

Facilities are designed to serve a maximum population equivalent of 15,000 persons in the City of Grafton and to discharge the treated wastewater to the Tygart Valley River (18.33 miles from its mouth) of the Monongahela River.

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. Martinez
Mayor

Attest:

Shirley M. Dougherty
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 McDougherty

City Clerk

Approved and correct as to form:

Frances C. Whitman

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]

Shirley McDougherty
City Clerk

07/19/94
GRAFC.I4
345720/93001

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. Horanic
Mayor

EXHIBIT A

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

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

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. Howard
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]

City Clerk

06/21/00
345720.99001

CL558272.1

WEST VIRGINIA
Water Development Authority

Celebrating 31 Years of Service ***1974 - 2005***

December 19, 2005

City Of Grafton
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2005 A (West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Griffith & Associates, CPA, an independent certified public accountant, stating that the coverage and parity requirements have been met (copy attached), the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), in the original aggregate principal amount of $ 4,227,582 (the "Series 2005 A Bonds") by the City of Grafton (the "Issuer"), under the terms of the bond ordinance authorizing the Series 2005 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, dated July 27, 1994, issued in the original aggregate principal amount of $2,830,000, and (2) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2000 (West Virginia SRF Program), dated July 7, 2000, issued in the original aggregate principal amount of $718,500 (collectively, the "Prior Bonds").

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

* 1 C O O 2 GP09312830 14109 * M: 01 I: 000 T: 001 CC: 000 D559

COPY

POLICY INFORMATION

The St Paul

THIS IS NOT A BILL.

YOUR POLICY IS DIRECTLY BILLED. IF THIS IS A POLICY CHANGE, THE ADDITIONAL OR RETURN PREMIUM WILL BE SHOWN ON FUTURE INSTALLMENT BILLINGS. IF ALL INSTALLMENTS HAVE BEEN BILLED, THE PREMIUM CHANGE WILL BE BILLED OR CREDITED PROMPTLY.
A BILL WILL BE SENT TO:
THE INSURED

Company: ST. PAUL FIRE & MARINE INSURANCE COMPANY

INSURED
CITY OF GRAFTON
1 WEST MAIN STREET
GRAFTON WV 26354-1357

Policy Inception/Effective Date: 07/01/05
Policy Number: GP09312830
Agency Number: 4701292

Transaction Type:
RENEWAL OF POLICY
Transaction number: 001
Processing Date: 07/19/05 16:54

AGENT
ACORDIA OF WEST VIRGINIA INC
P.O. BOX 1551
CHARLESTON WV 25326

Policy Number	Description	Amount	Surtax/ Surcharge
GP09312830	RENEWAL PREMIUM	$113,193.00	
GP09312830	UMBRELLA EXCESS LIABILITY	$9,512.00	
GP09312830	WEST VIRGINIA FIRE AND CASUALTY SURCHRG		$1,179.79

THE PREMIUM SHOWN DOES NOT INCLUDE A PREMIUM PAYMENT PLAN SERVICE CHARGE.
IF YOU SELECTED A PREMIUM PAYMENT PLAN YOUR PAYMENT SCHEDULE/BILL WILL SHOW THIS CHARGE.

THIS POLICY IS ON A FOUR PAY PAYMENT PLAN.
A PAYMENT SCHEDULE/BILL WILL FOLLOW SHORTLY.

	PREMIUM	COMM. RATE	SURTAX/ SURCHARGE
	$122,705.00	15.0%	
		.0%	$1,179.79

RECEIVED
AUG 15 2005
UNITED SECURITY AGENCY

* 1 C O O 2 GP09312830 14349 * M: 01 I: 000 T: 001 CC: 000 D559

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PUBLIC ENTITY GENERAL LIABILITY PROTECTION COVERAGE SUMMARY

The St Paul

This Coverage Summary shows the limits of coverage that apply to your Public Entity General Liability Protection. It also lists those endorsements, if any, that must have certain information shown for them to apply.

Limits Of Coverage

General total limit.	$	2,000,000
Products and completed work total limit.	$	2,000,000
Personal injury each person limit.	$	1,000,000
Advertising injury each person limit.	$	1,000,000
Each event limit.	$	1,000,000
Failure to supply limit.	$	0
Medical expenses limit.	$	0
Premises damage limit.	$	100,000
Sewer back-up limit.	$	250,000

Named Endorsement Table

Important Note: Only endorsements that must have certain information shown for them to apply are named in this table. The required information follows the name of each such endorsement. Other endorsements may apply too. If so, they're listed on the Policy Forms List.

Professional Services Endorsement - Described Professions:
PARAMEDICS/EMT'S

PSS Described Person Or Organization Endt - Addl Protected Persons
Described Person or Organization
CSX TRANSPORTATION INC
500 WATER ST
JACKSONVILLE FL 32202
RE: AS RESPECTS TO AGREEMENT # CSX-044738

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CC: 000 D559
* 1 C 0 0 2 GP09312830 14569 * M: 011: 000 T: 001

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UMBRELLA EXCESS LIABILITY PROTECTION SCHEDULE OF BASIC INSURANCE

The St Paul

This schedule describes your Basic Insurance.

Important Note: Basic Insurance means only the insurance described in this schedule for which limits of coverage amounts are shown.

Schedule of Basic Insurance

Commercial General Liability

Insurer
St. Paul Fire & Marine Ins Company

Policy number GP09312830

Policy period 07/01/2005 to 07/01/2006

Coverage is: ☐ claims-made ☒ not claims-made

Limits Of Coverage

General total limit.	$ 2,000,000
Products and completed work total limit.	$ 2,000,000
Personal injury each person limit.	$ 1,000,000
Advertising injury each person limit.	$ 1,000,000
Each event limit.	$ 1,000,000
Premises damage limit.	$ 100,000

Automobile Liability

Insurer
St. Paul Fire & Marine Ins Company

Policy number GP09312830

Policy period 07/01/2005 to 07/01/2006

Limits Of Coverage

Bodily injury and property damage combined.
Each accident
$ 1,000,000

Bodily injury. Each person	Each accident
$	$

Property damage
Each accident
$

Employer's Liability

Stop Gap
Insurer
St. Paul Fire & Marine Ins Company

Policy number GP09312830

Policy period 07/01/2005 to 07/01/2006

Limits Of Coverage

Bodily injury by accident
Each accident
$ 1,000,000

Bodily injury by disease Policy limit	Each employee
$1,000,000	$1,000,000

Name of Insured CITY OF GRAFTON

Policy Number GP09312830 **Effective Date** 07/01/05

Processing Date 07/19/05 16:54 001

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CC: 000 D559
* 1 C 0 0 2 GP09312830 14571 * M: 01 I: 000 T: 001

COPY

UMBRELLA EXCESS LIABILITY PROTECTION SCHEDULE OF BASIC INSURANCE – CONTINUED

The St Paul

This schedule describes your Basic Insurance.

Important Note: Basic Insurance means only the insurance described in this schedule for which limits of coverage amounts are shown.

Commercial General Liability

Insurer

Policy number

Policy period

Coverage is: ☐ claims-made ☐ not claims-made

Limits Of Coverage

General total limit.	$
Products and completed work total limit.	$
Personal injury each person limit.	$
Advertising injury each person limit.	$
Each event limit.	$
Premises damage limit.	$

Automobile Liability

Insurer

Policy number

Policy period

Limits Of Coverage

Bodily injury and property damage combined. Each accident

$

Bodily injury Each person	Each accident
$	$

Property damage Each accident

$

Type of coverage:

Law Enforcement Liability

Insurer

St. Paul Fire & Marine Ins Company

Policy number GP09312830

Policy period 07/01/2005 to 07/01/2006

Coverage is: ☐ claims-made ☒ not claims-made

Limits Of Coverage

Each wrongful act limit.	$1,000,000
Total limit.	$2,000,000

Name of Insured CITY OF GRAFTON

Policy Number GP09312830 **Effective Date** 07/01/05

Processing Date 07/19/05 16:54 001

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TO: Community Development Division
Building 6, Room 553
State Capitol Complex
Charleston, West Virginia 25305-0311

From: Kevin Stead
City of Grafton
1 W. Main St.
Grafton, WV 26354

PROJECT TITLE: Grafton Sewer GRANT NO. 04-642 PROJECT NO: 01SCBG0047X

PERIOD COVERED BY THIS DOCUMENT: Sept. 1, 2004 TO Nov. 30, 2004

DOCUMENT NUMBER: 8 PERCENT OF WORK COMPLETED ON PROJECT: 35%

AMOUNT OF SMALL CITIES FUNDS ON HAND AT THE TIME OF THIS REQUES: $ 3,153.43

COST CATEGORIES	APPROVED BUDGET AMOUNT	AMOUNT REQUESTED TO DATE	AMOUNT REQUESTED THIS DRAW	TOTAL AMOUNT REQUESTED	AMOUNT DISBURSED TO DATE
A. Administration	$50,000.00	$24,428.71	$1,196.00	$25,624.71	$24,428.71
B. Architectural/Engineering	$45,234.00	$25,557.50	$1,320.00	$26,877.50	$25,557.50
C. Construction Improvements	$687,112.00	$219,845.83	$10,423.50	$230,269.33	$219,845.83
D. Other (Explain) LEGAL	$17,654.00		$6,250.00	$6,250.00	
		0.00 *			
		687,112.00 +			
E. Sub-total		230,269.33 -			
F. Less Actual Program Income	→	456,842.67 *	BAL		
G. Less Anticipated Program Income					
TOTAL	$800,000.00	$269,832.04	$19,189.50	$289,021.54	$269,832.04

I certify that cost claimed by this report is correct and just and is based upon actual requirements; that the work and services are in accordance with the approved project agreement; and that the work and services are satisfactory and consistent with the amount claimed. Supporting documentation is on file to verify the cost claimed and is available for inspection. The city/county or other direct recipient of funds is not involved in any court litigation or law suits involving any applicable laws contained in the grant contract.

Kevin Stead

(Authorized Signature of Local Official)

12/8/04

(Date)

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

December 18, 2001

BOB WISE
GOVERNOR

The Honorable Thomas Horacek
Mayor
City of Grafton
One West Main Street
Grafton, West Virginia 26354

Dear Mayor Horacek:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $800,000. These funds will enable you to upgrade the wastewater treatment system in the Bluemont, Thayer, and Fannie Street area. The project will benefit 5,523 people and will be matched with $200,000 from the Department of Environmental Protection's Revolving Loan Fund. The project will resolve compliance issues with the Department of Environmental Protection.

In order to effectively use the limited dollars available, I hereby commit $200,000 from our fiscal year 2001 allocation that will immediately be available to you. The remaining $600,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Ms. Deanna Hornyak of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Grafton.

Very truly yours,

Bob Wise
Governor

BW:dhd

STATE OF WEST VIRGINIA

SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF $800,000 HAS BEEN AWARDED TO THE *CITY OF GRAFTON* TO MAKE IMPROVEMENTS TO THE EXISTING WASTEWATER TREATMENT AND COLLECTION SYSTEM

Bob Wise

BOB WISE
GOVERNOR

© GOES 445

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U.S. ENVIRONMENTAL PROTECTION AGENCY

Grant Agreement

ASSISTANCE ID NO.			DATE OF AWARD
PRG	DOC ID	AMEND#	08/25/2004
XP -	97306101	- 0	
TYPE OF ACTION: New			MAILING DATE: 09/01/2004
PAYMENT METHOD: Reimbursement			ACH#

RECIPIENT TYPE:	Send Payment Request to:
Municipal	West Virginia Department of Environmental Protection
RECIPIENT:	**PAYEE:**
City of Grafton 1 West Main St Grafton, WV 26354 EIN: 55-6000182	City of Grafton 1 West Main St Grafton, WV 26354

PROJECT MANAGER	EPA PROJECT OFFICER	EPA GRANT SPECIALIST
Kevin Stead 1 West Main St Grafton, WV 26354 E-Mail: Phone: (304) 265-1412	BruceA Smith 1650 Arch Street, 3WP21 Philadelphia, PA 19103-2029 E-Mail: Smith.Brucea@epamail.epa.gov Phone: 215-814-5770	Jill Garcia Grants and Audit Management Branch, 3PM70 E-Mail: Garcia.Jill@epamail.epa.gov Phone: 215-814-5402

PROJECT TITLE AND DESCRIPTION

Special Appropriations Project

This grant is for the construction of the upgrade and expansion of the existing City of Grafton wastewater treatment plant, garage/maintenance building, rehabilitation of the Berkely Run Pump Station, and rehabilitation and separation of sewer lines along Front Street, Monroe Street, Ross Alley, and East Knotts area.

BUDGET PERIOD	PROJECT PERIOD	TOTAL BUDGET PERIOD COST	TOTAL PROJECT PERIOD COST
09/15/2004 - 01/01/2007	09/15/2004 - 01/01/2007	$5,285,350.00	$5,285,350.00

NOTE: The Agreement must be completed in duplicate and the Original returned to the appropriate Grants Management Office listed below, within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA. Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the Recipient subsequent to the document being signed by the EPA Award Official, which the Award Official determines to materially alter the Agreement, shall void the Agreement.

OFFER AND ACCEPTANCE

The United States, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers Assistance/Amendment to the City of Grafton for 55.00 % of all approved costs incurred up to and not exceeding $2,906,943 for the support of approved budget period effort described in application (including all application modifications) cited in the Project Title and Description above, signed 03/29/2004 included herein by reference.

ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)	AWARD APPROVAL OFFICE
ORGANIZATION / ADDRESS	ORGANIZATION / ADDRESS
US EPA Region 3, 3PM70 1650 Arch Street Philadelphia, PA 19103-2029	U.S. EPA, Region 3 Water Protection Division 3WP00 1650 Arch Street Philadelphia, PA 19103-2029

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	James W. Newsom, ARA for Policy and Management	08/25/2004

This agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter 1, Subchapter B and of the provisions of this agreement (and all attachments), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
	G. Thomas Bartlett, III, Mayor	09/14/2004

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	$	$ 2,906,943	$ 2,906,943
EPA In-Kind Amount	$	$	$ 0
Unexpended Prior Year Balance	$	$	$ 0
Other Federal Funds	$	$	$ 0
Recipient Contribution	$	$ 2,378,407	$ 2,378,407
State Contribution	$	$	$ 0
Local Contribution	$	$	$ 0
Other Contribution	$	$	$ 0
Allowable Project Cost	$ 0	$ 5,285,350	$ 5,285,350

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.606 - Surveys - Studies - Investigations and Special Purpose Grants	Consolidated Appropriations Resolution 2003 (PL 108-7)	40 CFR PART 31

Fiscal

Site Name	DCN	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
-	LL0148	2004	E4C	0300QRG	202B51E	41.83	-	-	1,778,000
-	LL0148	2004	E4C	0300QJF	202B51E	41.83	-	-	1,128,943
									2,906,943

Approved Budget	
	Approved Allowable Budget Period Cost
1. Administration Expense	$90,350
2. Preliminary Expense	$0
3. Land Structure, Right Of Way	$0
4. Architectural Engineering Basic Fees	$570,000
5. Other Architectural Engineering Fees	$0
6. Project Inspection Fees	$0
7. Land Development	$0
8. Relocation Expenses	$0
9. Relocation Payments to Individuals & Bus.	$0
10. Demolition and Removal	$0
11. Construction and Project Improvement	$4,200,000
12. Equipment	$0
13. Miscellaneous	$200,000
14. Total (Lines 1 thru 13)	$5,060,350
15. Estimate Income	$0
16. Net Project Amount (Line 14 minus 15)	$5,060,350
17. Less: Ineligible Exclusions	$0
18. Add: Contingencies	$225,000
19. Total (Share: Recip 45% Fed 55%)	$5,285,350
20. TOTAL APPROVED ASSISTANCE AMOUNT	$2,906,943

Administrative Conditions

1. The recipient agrees to ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds, complies with the Hotel and Motel Fire Safety Act of 1990.

2. Any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth in Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

3. The recipient shall fully comply with Subpart C of 40 CFR Part 32, entitled "Responsibilities of Participants Regarding Transactions." The recipient is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 40 CFR Part 32, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. The recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. The recipient acknowledges that failing to disclose the information required under 40 CFR 32.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.

The recipient may access the Excluded Parties List System at http://epls.arnet.gov. This term and condition supersedes EPA Form 5700-49, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters."

4. The recipient agrees to comply with Title 40 CFR Part 34, New Restrictions on Lobbying. The recipient shall include the language of this provision in award documents for all subawards exceeding $100,000, and require that subrecipients submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such expenditure.

5. Pursuant to EPA's annual Appropriations Act, the chief executive officer of this recipient agency shall require that no grant funds have been used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. As mandated by this Act, the recipient agrees to provide certification to the award official via EPA Form 5700-53, Lobbying and Litigation Certificate, with the final payment request.

The recipient shall abide by its respective OMB Circular (A-21, A-87, or A-122), which prohibits the use of federal grant funds for litigation against the United States. Any Part 30 recipient shall abide by its respective OMB Circular (A-21 or A-122), which prohibits the use of Federal grant funds to participate in various forms of lobbying or other political activities.

6. In accordance with EPA Order 1000.25 and Executive Order 13101, *Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition,* the recipient agrees to use recycled paper for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration. Please note that Section 901 of E.O. 13101, dated September 14, 1998, revoked E.O. 12873, *Federal Acquisition, Recycling, and Waste Prevention* in its entirety.

7. If a contract is awarded under this assistance agreement, the recipient agrees and is required to utilize

the following affirmative steps:

a. placing Small Businesses in Rural Areas (SBRAs) on solicitation lists;

b. ensuring that SBRAs are solicited whenever they are potential sources;

c. dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation by SBRAs;

d. establishing delivery schedules, where the requirements of work will permit, which would encourage participation by SBRAs;

e. using the services of the Small Business Administration (SBA), the Minority Business Development Agency (MBDA) of the U.S. Department of Commerce and the SBA PRO-Net Internet-based system http://pro-net.sba.gov, as appropriate; and

f. requiring the contractor to take the affirmative steps in subparagraphs a. through e. of this part if subcontracts are awarded.

8. The recipient agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements:

a. The recipient accepts the applicable Minority Business Enterprise (MBE)/Women's Business Enterprise (WBE) "fair share" goals/objectives negotiated with EPA by the West Virginia Department of Environmental Protection as follows:

	MBE%	WBE%
Construction	1.75	2.50
Equipment	0.10	0.10
Services	1.25	1.50

b. The recipient agrees to ensure to the fullest extent possible, that at least the applicable "fair share" objectives of Federal funds for prime contracts or subcontracts for supplies, construction, equipment or services are made available to organizations owned or controlled by socially or economically disadvantaged individuals, women and historically black colleges and universities.

c. The recipient agrees to include in its bid documents the applicable "fair share" objectives and require all of its prime contractors to include in their bid documents for subcontracts the negotiated "fair share" percentages.

d. The recipient agrees to follow the six affirmative steps or positive efforts stated in 40 CFR 30.44(b), 40 CFR 31.36(e), or 40 CFR 35.6580, as appropriate, and retain records documenting compliance.

e. The recipient agrees to submit an EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements," beginning with the Federal fiscal year quarter the recipient receives the award and continuing until the project is completed. These reports must be submitted to R. Catherine King, Municipal Financial Assistance Branch (3WP21), within 30 days of the end of the Federal fiscal quarter (January 30, April 30, July 30, and October 30).

f. If race and/or gender neutral efforts prove inadequate to achieve a "fair share" objective, the recipient agrees to notify EPA in advance of any race and/or gender conscious action it plans to take to more closely achieve the "fair share" objective.

EPA may take corrective action under 40 CFR Parts 30, 31, and 35, as appropriate, if the recipient fails to

comply with these terms and conditions.

9. EPA participation in the salary rate (excluding overhead and travel) paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited to the maximum daily rate for Level IV of the Executive Schedule, to be adjusted annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. As of January 1, 2004, the limit is $524.72 per day and $65.59 per hour. The rate does not include overhead or travel costs and the recipient may pay these in accordance with its normal travel practices.

Subagreements with firms for services which are awarded using the procurement requirements in 40 CFR Parts 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide the recipient with responsibility for the selection, direction, and control of the individuals who will be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 31.36(j)(2) or 30.27(b), as applicable.

Programmatic Conditions

1. Procurement

a. The recipient agrees to procure all services, supplies, and construction awarded under this grant in accordance with 40 CFR Part 31.

b. A copy of all proposed subagreements for services and supplies over $100,000 shall be submitted to the West Virginia Department of Environmental Protection (WV DEP), for review and pre-award approval, as appropriate, under 40 CFR Part 31. The submittal of the proposed subagreements shall include procurement records. Also, the contract cost and price data shall be submitted on EPA Form 5700-41, or on a form which contains similar information.

c. A copy of all proposed subagreements for construction shall be submitted to the WV DEP, for review and pre-award approval, as appropriate, under 40 CFR Part 31. The submittal of the proposed subagreements shall include procurement records.

2. Grant Payments

The recipient agrees that:

a. Payments are on a reimbursable basis. Requests for payments should be submitted to the WV DEP, using Standard Form 271.

b. Payment for professional services and construction will be limited to the Federal share of EPA approved contracts.

3. Project Performance Certification

Prior to the release of the final payment on the grant, the recipient agrees to certify that the project is capable of meeting the objectives for which it was planned, designed, and built.

4. Project Changes

For any changes in the project which affect the grant amount, delay or accelerate the project or alter the project in other ways, the recipient must receive a formal grant amendment from EPA. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, and the building completion date.

5. Land Acquisition

In the event the recipient procures land or relocates people, 49 CFR Part 24 applies.

6. Sites, Easements and Rights-of-Way

The recipient shall submit an acceptable legal opinion that the necessary sites and easements and/or rights-of-way have been obtained and that they are free of any restrictions or encumbrances that might restrict their use for the purpose intended. Said opinion shall be submitted to EPA no later than the time at which the recipient requests approval to award construction contracts.

7. Flood Insurance

The recipient agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended, before the project is placed in operation. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

8. Review

The recipient recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any special items or allowableness of any other costs will be subject to final review, including project officer review, audit review, and final determination of the grant approving official.

9. Project Schedule

EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a condition.

Advertise for Bids	October 2004
Award Construction Contract	December 2004
Initiate Construction	December 2004
Complete Construction	December 2006
Submit Final Payment Request	January 2007

10. Environmental Review

The recipient agrees that construction shall be undertaken in accordance with the project described in the April 27, 2004 Finding of No Significant Impact. EPA reserves the right to unilaterally terminate this grant in the event the recipient fails to comply with this condition, in accordance with 40 CFR 31.43.

11. Initiation of Construction

It is agreed that the WV DEP must approve the design before contracts are advertised for bids. Bids will be submitted to the WV DEP for approval prior to contract award.

12. Open Competition and Government Neutrality

The assistance recipient agrees to comply with Executive Order 13202 (February 22, 2001, 66 Fed. Reg. 11225) of February 17, 2001, entitled "Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded Construction Projects," as amended by Executive Order 13208 (April 11, 2001, 66 Fed. Reg. 18717) of April 6, 2001, entitled "Amendment to Executive Order 13202, Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded

Construction Projects."

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 19, 2005**

Re: **City of Grafton Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program)**

1. DISBURSEMENTS TO THE CITY OF GRAFTON

Payor:	West Virginia Department of Environmental Protection
Amount:	$ 211,380
Form:	Check
Payee:	City of Grafton
Contact:	Rosalie Brodersen - 304.926.0499 (ext. 1608)
Account:	Series 2005 A Bonds Construction Trust Fund

2. DISBURSEMENTS TO THE MUNICIPAL BOND COMMISSION

Payor:	City of Grafton
Amount:	$ 140,920
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Contact:	Ms. Sara Boardman
Account:	Series 2005 A Bonds Reserve Account