

CITY OF PIEDMONT

**Water Revenue Bonds,
Series 2001 A and Series 2001 B
(United States Department of Agriculture)**

Date of Closing: March 15, 2001

BOND TRANSCRIPT

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BOND TRANSCRIPT

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CITY OF PIEDMONT

**Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)**

BOND ORDINANCE

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CITY OF PIEDMONT

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE CITY OF PIEDMONT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$950,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$350,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY,
FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is adopted and enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The City of Piedmont (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Mineral County of said State.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to acquire, construct and operate certain additional public waterworks facilities consisting of certain additions, betterments and improvements to such existing waterworks facilities, with all appurtenant facilities.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered that there be acquired and constructed certain additions, betterments and improvements to the existing waterworks facilities of the Issuer, consisting of renovating the water treatment plant, constructing a new water distribution system including a water storage tank, and constructing additional water lines, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the City Clerk of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, betterments and improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after the completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$2,725,000, of which \$1,300,000 will be obtained from the proceeds of sale of the Series 2001 Bonds herein authorized, \$1,250,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and \$175,000 will be obtained from a grant by the Purchaser.

E. It is necessary for the Issuer to issue its water revenue bonds in the principal amount of \$1,300,000, in two series, being the Series 2001 A Bonds (hereinafter defined), in the aggregate principal amount of \$950,000, and the Series 2001 B Bonds (hereinafter defined), in the aggregate principal amount of \$350,000 (collectively, the "Series 2001 Bonds"), to finance a portion of the cost of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any property rights, easements and franchises, deemed necessary or convenient therefor; interest on the Series 2001 Bonds prior to and during acquisition and construction and for a period not exceeding six months after completion of such acquisition or construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby;

provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

G. There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Series 2001 Bonds as to liens, pledge and source of and security for payment.

H. It is in the best interest of the Issuer that the Series 2001 Bonds be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated March 24, 1997, Amendment No. 1 to Letter of Conditions dated March 22, 1999, and any other amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2001 Bonds, or will have so complied prior to issuance of the Series 2001 Bonds, including among other things and without limitation, obtaining a certificate of convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Series 2001 Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Series 2001 Bonds.

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

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended.

"Bond Legislation" or "Ordinance" means this Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its City Clerk.

"Bonds" means, collectively, the Series 2001 A Bonds and the Series 2001 B Bonds.

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

"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 Engineer" means Rummel, Klepper & Kahl, LLP, Keyser, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means First United Bank and Trust, Piedmont, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Council" means the Council of the Issuer.

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

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means the City of Piedmont, a municipal corporation and political subdivision of the State of West Virginia, in Mineral County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 24, 1997, Amendment No. 1 to Letter of Conditions dated March 22, 1999, Amendment No. 2 to Letter of Conditions dated February 26, 2001, and any other amendments thereto.

"Mayor" means the Mayor of the Issuer.

"Minimum Reserves" means the aggregate of the Series 2001 A Bonds Minimum Reserve and the Series 2001 B Bonds Minimum Reserve.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Series 2001 Bonds and into the respective Reserve Accounts and the Depreciation Reserve have been made to the last monthly date prior to the date of such retention.

"Ordinance" means the Bond Legislation.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"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 (hereinbefore defined) 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 or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Series 2001 Bonds.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Series 2001 Bonds" means, collectively, the Series 2001 A Bonds and the Series 2001 B Bonds.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2001 B Bonds" means the Water Revenue Bonds, Series 2001 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2001 A Bonds Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 A Bonds in the then current or any succeeding year.

"Series 2001 B Bonds Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 B Bonds in the then current or any succeeding year.

"State" means the State of West Virginia.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system, including the Project, and any and all additions, betterments, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

"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: and any requirement for execution or attestation of the Series 2001 Bonds or any certificate or other document by the Mayor or the City Clerk shall mean that such Series 2001 Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting City Clerk.

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 \$2,725,000, 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 2001 Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2001 A (United States Department of Agriculture)" and "Water Revenue Bonds, Series 2001 B (United States Department of Agriculture)" are hereby authorized to be issued in the respective aggregate principal amounts of \$950,000 and \$350,000 for a total aggregate principal amount of not exceeding \$1,300,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. A. The Series 2001 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 2001 A Bonds shall bear interest from date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

B. The Series 2001 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 2001 B Bonds shall bear interest from date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

The Series 2001 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2001 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2001 Bonds, and the right to principal of and stated interest on the Series 2001 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2001 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2001 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2001 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2001 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Series 2001 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Series 2001 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2001 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2001 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2001 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Series 2001 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2001 Bonds had not ceased to hold such office. The Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2001 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2001 Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2001 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver new Series 2001 Bonds of like tenor as the Series 2001 Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2001 Bonds or in lieu of and substitution for the Series 2001 Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2001 Bonds so surrendered shall be canceled and held for the account of the

Issuer. If the Series 2001 Bonds shall have matured or be about to mature, instead of issuing substitute Series 2001 Bonds the Issuer may pay the same, and, if such Series 2001 Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2001 Bonds shall be secured forthwith by a first lien on the Gross Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Series 2001 Bonds. The Gross Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2001 Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2001 Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2001 Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF SERIES 2001 A BOND)

CITY OF PIEDMONT

WATER REVENUE BONDS, SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____

FOR VALUE RECEIVED, the CITY OF PIEDMONT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$4,361, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the waterworks system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 2001, authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2001 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$350,000 AS DEFINED IN SAID ORDINANCE.

IN WITNESS WHEREOF, the CITY OF PIEDMONT has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, all as of the date hereinabove written.

CITY OF PIEDMONT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor

(Title of Executive Official)

52 Second Street

(P. O. Box No. or Street Address)

Piedmont, West Virginia 26750

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

City Clerk

(Title of Attesting Official)

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2001 B BOND)

CITY OF PIEDMONT

WATER REVENUE BONDS, SERIES 2001 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. BR-1

Date: _____

FOR VALUE RECEIVED, the CITY OF PIEDMONT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of _____ % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$1,607, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the waterworks system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 2001, authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$950,000 AS DEFINED IN SAID ORDINANCE.

IN WITNESS WHEREOF, the CITY OF PIEDMONT has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, all as of the date hereinabove written.

CITY OF PIEDMONT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor
(Title of Executive Official)

52 Second Street
(P. O. Box No. or Street Address)

Piedmont, West Virginia 26750
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

City Clerk
(Title of Attesting Official)

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)

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:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are 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) Depreciation Reserve; and
- (3) Project Construction Account.

Section 4.02. Establishment of Funds and Account 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 2001 A Bonds Reserve Account; and
- (2) Series 2001 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2001 Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2001 Bonds if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.04. Covenants of the Issuer as to Revenues and Funds. So long as any of the Series 2001 A Bonds and the Series 2001 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2001 A Bonds and the Series 2001 B Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Bond as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinances 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 the Ordinances.

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, on or before the due date of payment of each installment on the Series 2001 A Bonds and the Series 2001 B Bonds, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required to pay the interest on the Series 2001 A Bonds and the Series 2001 B Bonds, and to amortize the principal of the Series 2001 A Bonds and the Series 2001 B Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Series 2001 A Bonds and the Series 2001 B Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(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 into the Series 2001 A Bonds Reserve Account, 0.4167% of the Series 2001 A Bonds Minimum Reserve, until the amount in the Series 2001 A Bonds Reserve Account equals the Series 2001 A Bonds Minimum Reserve; and (ii) for deposit into the Series 2001 B Bonds Reserve Account, 0.4167% of the Series 2001 B Bonds Minimum Reserve, until the amount in the Series

2001 B Bonds Reserve Account equals the Series 2001 B Bonds Minimum Reserve. Moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2001 A Bonds and the Series 2001 B Bonds, respectively, to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2001 A Bonds and the Series 2001 B Bonds, or for mandatory prepayment of the Series 2001 A Bonds and the Series 2001 B Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that where the Series 2001 A Bonds Minimum Reserve has been accumulated in the Series 2001 A Bonds Reserve Account, all earnings of investments of money therein shall at least annually be transferred to and deposited in the Revenue Fund and where the Series 2001 B Bonds Minimum Reserve has been accumulated in the Series 2001 B Bonds Reserve Account all earnings of investments of money therein shall at least annually be transferred to and deposited in the Revenue Fund.

(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 remit to the Depository Bank for deposit into the Depreciation Reserve, 0.4167% of the Minimum Reserves, until the amount in the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account equals the Minimum Reserves, and thereafter, 0.8334% of the Minimum Reserves, so long as the Series 2001 Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account in accordance with Section 4.04B(2) above, or a withdrawal of funds from the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account is made, payment of Revenues into the Depreciation Reserve as provided in this Section 4.04B(4) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account until such deficiency is cured, at which time payments into the Depreciation Reserve as provided in this Section 4.04B(4) shall resume. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Series 2001 Bonds as the same become due, and next to restore to the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account are current and in accordance with the foregoing provisions, moneys in the

Depreciation Reserve may be withdrawn by the Issuer and used for repairs, replacements, improvements or extensions to the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Series 2001 A Bonds and the Series 2001 B Bonds, pro rata, or for any lawful purpose.

Whenever the moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account shall be sufficient to prepay the Series 2001 A Bonds and the Series 2001 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2001 A Bonds and the Series 2001 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account as herein provided, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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 reserve account 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 Depository Bank is hereby designated as the Fiscal Agent for the administration of the Depreciation Reserve as herein provided, and all amounts required for the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Reserve Account and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2001 A Bonds and the Series 2001 B Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent

payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2001 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission and the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2001 A Bonds Reserve Account, the Series 2001 B Bonds Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Investment Management. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2001 Bonds, provide evidence that there will be at least 357 bona fide users upon the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

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

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the grants and advances of principal of the Series 2001 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$1,300,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement, with such bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2001 Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2001 A Bonds and the Series 2001 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 A Bonds Reserve Account and the Series 2001 B Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2001 A Bonds and the Series 2001 B Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2001 A Bonds and the Series 2001 B Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Series 2001 Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2001 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2001 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the

application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2001 Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee

thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2001 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2001 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 and shall take effect immediately upon the delivery of the Series 2001 Bonds and shall be for the equal benefit of the Series 2001 Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on the Series 2001 Bonds at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2001 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers

of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2001 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of adoption hereof, subject to permitted changes.

Section 5.11. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2001 Bonds are outstanding.

Section 5.13. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Rate Ordinance of the Issuer enacted on July 26, 1999.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2001 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 with respect to the Series 2001 Bonds, 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 Holder of the Series 2001 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be materially modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of the Bonds. The Mayor is hereby authorized and directed to cause the Series 2001 Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2001 Bonds.

Section 7.05. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

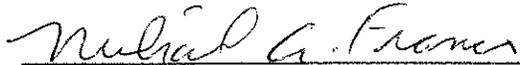
Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular 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, 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 7.08. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the Mineral Daily News-Tribune, a newspaper of general circulation in the City of Piedmont, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2001 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 the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the City Clerk of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:	February 20, 2001
Passed on Second Reading:	February 27, 2001
Passed on Third Reading following public hearing:	March 12, 2001

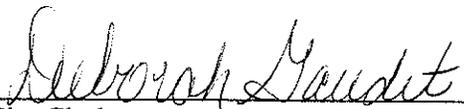


Mayor

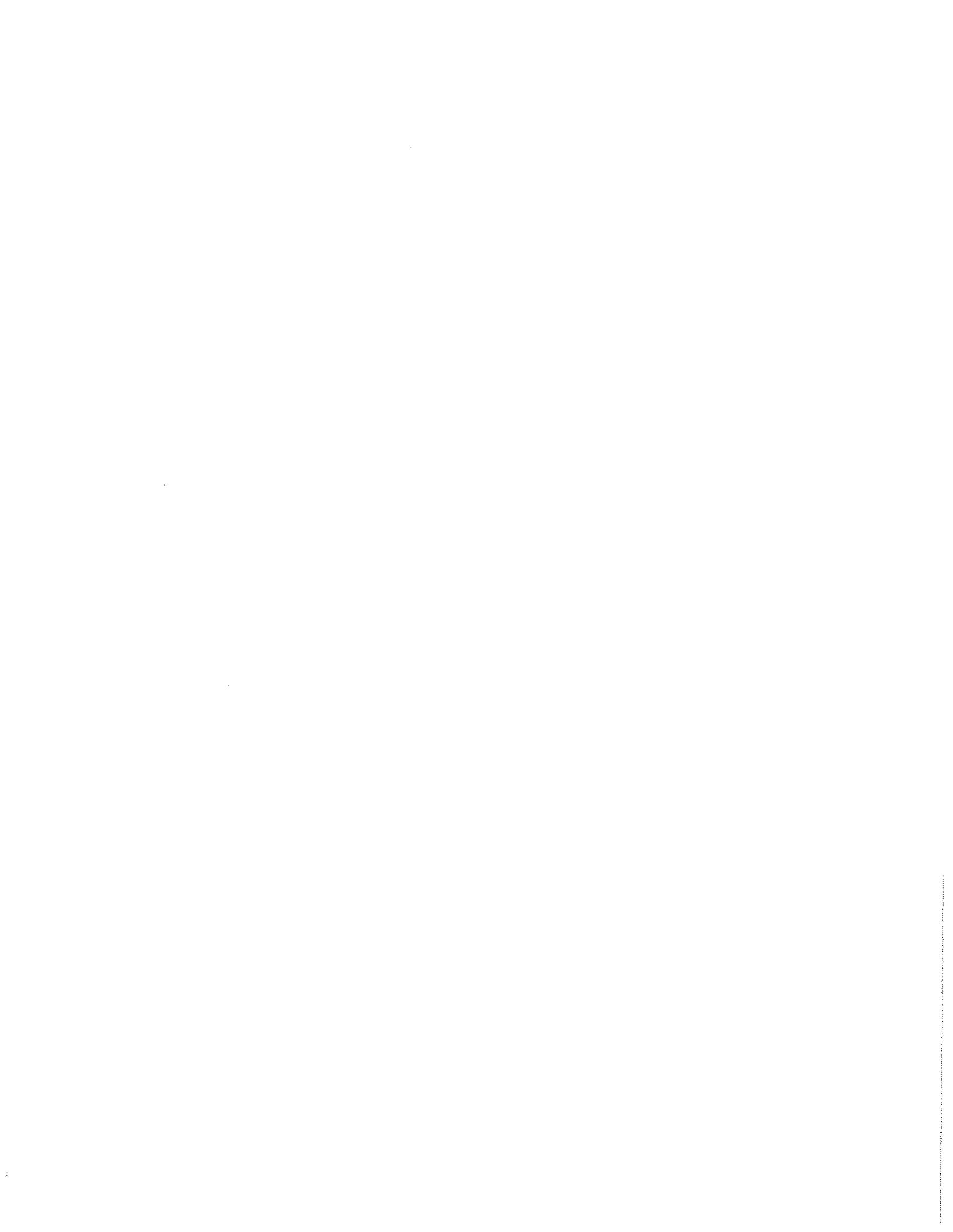
CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF PIEDMONT on the 12th day of March, 2001, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the CITY OF PIEDMONT this 15th day of March, 2001.

[SEAL]


City Clerk

03/12/01
704210/99001



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: December 16, 1999

FINAL

1-5-00

CASE NO. 99-0692-W-CN

PIEDMONT MUNICIPAL WATER DEPARTMENT,
a municipal corporation.

Application for a certificate of convenience and necessity to renovate the water treatment plant by installing pump controls, plant master meter, mechanical mixer for flocculate, and rate of control valves, to construct a new water distribution system including a water storage tank, and to construct additional water lines to provide service to approximately twelve residences.

RECOMMENDED DECISION

On May 24, 1999, Piedmont Municipal Water Department, a municipal corporation, Piedmont, Mineral County, West Virginia, filed an application for a certificate of convenience and necessity to renovate its water treatment plant by the installation of pump controls, a plant master meter, flocculate mixer, and control valves. Additionally, the Applicant will construct a new water distribution system, including a water storage tank and will add twelve new customers. This construction is estimated to cost approximately \$2,550,000, and will be funded by a Small Cities Block Grant of \$1,250,000, and a loan from the Rural Utility Service in the amount of \$1,300,000. The City of Piedmont has proposed a general rate increase, as well.

On May 24, 1999, the Commission entered a formal Notice of Filing in this matter setting out the proposed increased rates and requiring the Applicant to give public legal notice of this application by publishing a copy of the Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Mineral County, West Virginia, and to make due return to the Commission of proper certification of said publication immediately after publication. The Notice made provision for the filing of protest and objection within thirty (30) days after publication, and in the absence of protest, for the waiver of further formal proceedings and the issuance of a decision in this matter based on the evidence submitted with the application and the Commission's review thereof.

By a Commission Referral Order entered June 22, 1999, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of December 20, 1999.

On August 5, 1999, the Applicant filed a duly adopted city ordinance establishing and fixing new rates, fees and charges for the City's water system to be effective September 9, 1999.

On August 26, 1999, pursuant to a request by Commission Staff, the Applicant filed copies of the engineering plans and specifications for this project.

After repeated inquiry by the Administrative Law Judge, the Applicant notified the Commission by letter dated September 8, 1999, that it had not published the Notice of Filing, as required by the Commission's Order of May 24, 1999, and requested a new copy of the Notice of Filing so that it might make the publication at that time.

In response to the apparent publication of the Notice of Filing, a letter of protest to this application was filed by John Amoroso on September 17, 1999. Mr. Amoroso stated that the water department was owed many outstanding and delinquent water bills, some in excess of \$2,000. He questioned whether a rate increase should be granted before these past due accounts were collected. He also made other valid inquiries concerning operations of the system and the impact of this project.

By a Procedural Order entered October 1, 1999, this matter was scheduled for hearing to be held on October 28, 1999, in Piedmont, Mineral County, West Virginia. This Order also required the Applicant to publish a prepared Notice of Hearing once a week for two consecutive weeks, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Mineral County, and to make due return of proof of said publication prior to the date of hearing.

On October 6, 1999, the Applicant filed a certificate of publication demonstrating publication of the Notice of Filing on September 14, 1999, in The Piedmont Herald, in compliance with the Commission Order entered May 24, 1999.

On October 13, 1999, the Applicant filed a certificate of publication demonstrating publication of the Notice of Hearing on October 5 and 12, 1999, in The Piedmont Herald, in compliance with the Procedural Order entered October 1, 1999.

Also on October 13, 1999, the Staff of the Public Service Commission filed its Further Final Joint Staff Memorandum in this matter. This memorandum was directed at answering the specific questions concerning this project and the general operations of the Piedmont Municipal Water Department, which had been raised in the single letter of protest filed by Mr. Amoroso in this matter.

Additionally, on October 13, 1999, Commission Staff filed its Final Joint Staff Memorandum containing its substantive recommendations in this case. An engineering report prepared by Vanscoy Engineering and Surveying and a Sanitary Survey conducted by the West Virginia Department of Health and Human Resources document the advanced age and deficiencies currently existing in both the Town's water treatment and distribution

system. These reports clearly establish adequate need for this project. The total project is estimated to cost \$2,550,000, which Staff detailed, and will serve approximately 332 customers. The estimated cost per customer is \$7,590, and is acceptable. An engineering review of the design drawings and technical specifications revealed no obvious conflicts with the Commission's rules and regulations. The project has been approved by the West Virginia Department of Health and Human Resources, Office of Environmental Health, and has been issued Permit No. 13,997. Overall operation and maintenance expenses are expected to increase \$3,555, annually, as a result of this project and are reasonable.

Staff further noted that the total project will be funded by a Small Cities Block Grant in the amount of \$1,250,000 and two Rural Utilities Service loans in the total amount of \$1,300,000. The initial loan, in the amount of \$950,000 is expected to have an interest rate of 4.5% and a term of 40 years. Payments for the first two years will be interest only. The completing loan, in the amount of \$350,000, will come from a separate bond and will bear a rate to be determined prior to the loan closing. However, total annual debt service on both loans has been estimated at \$71,717. A corresponding rate ordinance has been proposed and initially adopted by the Council of the City of Piedmont, which includes rates sufficient to cover the additional O&M expenses and debt service attributable to this project. The original rate ordinance submitted by the City was found to be technically deficient by Staff, and the City had begun to correct that situation. This project is, therefore, economically feasible.

Pursuant to its review of both the technical and financial aspects of this application, Staff recommended approval of the proposed financing in the amount of \$2,550,000, and that a certificate of convenience and necessity be granted to construct and operate this project as described in the application and supporting documentation.

The hearing convened as scheduled on October 28, 1999, in Mineral County. The Applicant, Piedmont Municipal Water Department, was present and represented by its attorney, William R. Kuykendall. The Staff of the Public Service Commission was present and represented by Staff Attorney Cecelia Jarrell. Also present was the single protestant in this case, Mr. John Amoroso. On November 12, 1999, an accurate transcript consisting of ten (10) pages of discussion was filed with the Commission. At hearing, the Staff Attorney stated that the protestant, Mr. Amoroso, had met with Staff and was now satisfied that his initial concerns had been adequately addressed and he had nothing to add for the record. This was confirmed by Mr. Amoroso. The City of Piedmont, by counsel, stated that it had reviewed the Final Joint Staff Memorandum filed October 13, 1999, and was in agreement with the favorable Staff recommendation contained therein. Neither the Applicant nor Staff chose to produce additional evidence at the hearing. The City confirmed that it had received Commission approval of its latest rate ordinance by a letter dated October 19, 1999.

Consequently, the application filed May 24, 1999, by the Piedmont Municipal Water Department, will be approved.

FINDINGS OF FACT

1. On May 24, 1999, Piedmont Municipal Water Department, a municipal corporation, Piedmont, Mineral County, West Virginia, filed an application for a certificate of convenience and necessity to renovate its water treatment plant by the installation of pump controls, a plant master meter, flocculate mixer, and control valves. Additionally, the Applicant will construct a new water distribution system, including a water storage tank and will add twelve new customers. (See, application filed May 24, 1999).

2. Pursuant to a Notice of Filing entered by the Public Service Commission on May 24, 1999, the Applicant filed a certificate of publication on October 6, 1999, demonstrating publication of the Notice of Filing for public legal notice on September 14, 1999, in The Piedmont Herald, a newspaper duly qualified by the Secretary of State, published and of general circulation in Mineral County, West Virginia. The Notice of Filing contained the schedule of increased rates proposed by the City of Piedmont and made provision for the filing of protest or objection to the application within thirty (30) days of the date of publication. (See, Notice of Filing entered May 24, 1999; certificate of publication filed October 6, 1999).

3. Pursuant to publication of the Notice of Filing, a single letter of protest, containing several specific questions about this proposed project, was filed by Mr. John Amoroso on September 17, 1999. (See, letter filed September 17, 1999).

4. As a result of Commission Staff's efforts to meaningfully respond to Mr. Amoroso's questions, his concerns were satisfied and his protest was withdrawn at hearing. (See, Further Final Joint Staff Memorandum filed October 13, 1999; Tr., pp. 5-7, 8).

5. On October 13, 1999, Commission Staff filed its Final Joint Staff Memorandum in this matter detailing the construction and improvements to be undertaken in this project. The project is necessary because the existing system is very old and has been shown by an engineering study and health survey to have many significant deficiencies. The plans and specifications of the project have been reviewed and found to be in compliance with Public Service Commission rules and regulations. (See, Final Joint Staff Memorandum filed October 13, 1999).

6. The Applicant has been issued Permit No. 13,997 by the Office of Environmental Health Services for this project. (See, Final Joint Staff Memorandum filed October 13, 1999).

7. The estimated cost of this project is \$2,550,000, to be funded by a Small Cities Block Grant in the amount of \$1,250,000 and two Rural Utilities Service loans in the total amount of \$1,300,000, which have been confirmed by Staff. The cost per customer is approximately \$7,590 and ongoing operation and maintenance expenses are expected to increase by \$3,555 annually, both of which are reasonable and customary for a project of this scope. The project is economically feasible and, therefore, convenient in that it will not overly burden the City or its

customers, financially. (See, Final Joint Staff Memorandum filed October 13, 1999).

8. The City of Piedmont has adopted a municipal ordinance for increased rates which should produce sufficient revenues to pay all debt service, O&M expenses and other ongoing costs occasioned by this project. (See, Tr., p. 9).

9. As a result of its review of this application and supporting documentation, Commission Staff has recommended that the Applicant be granted a certificate of convenience and necessity to construct and operate the project described therein and that the project financing, consisting of a Small Cities Block Grant in the amount of \$1,250,000 and two loans from the Rural Utilities Service, not to exceed \$1,300,000, for a term of 40 years at an expected interest rate of 4.5%, be approved, as well. (See, Final Joint Staff Memorandum filed October 13, 1999).

CONCLUSIONS OF LAW

1. Under the facts and circumstances of this case and the recommendation of Commission Staff, it is reasonable to approve the application filed on May 24, 1999, and to grant the Piedmont Municipal Water Department a certificate of convenience and necessity to construct and operate the project described therein.

2. It is also reasonable to approve the proposed financing of this project consisting of a Small Cities Block Grant in the amount of \$1,250,00 and two loans from the Rural Utilities Service in the total amount of \$1,300,000, for a term of 40 years at an expected interest rate of 4.5%.

3. Further, it is reasonable to require the Applicant to notify the Public Service Commission and request subsequent review of this project, should there be any change in the plans, scope or terms of financing of this project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed May 24, 1999, by the Piedmont Municipal Water Department is approved and that a certificate of convenience and necessity to construct and operate the project described therein shall be granted to the Applicant.

IT IS FURTHER ORDERED that the proposed financing for this project, consisting of a Small Cities Block Grant in the amount of \$1,250,000 and two loans from the Rural Utilities Service in the total amount of \$1,300,000, for a term of 40 years at an expected interest rate of 4.5%, shall also be approved.

IT IS FURTHER ORDERED that, should there be any change in the plans, scope or terms of financing of this project, the Applicant shall notify the Public Service Commission and request that this case be reopened for subsequent review and approval of such changes.

IT IS FURTHER ORDERED that this matter shall be 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.

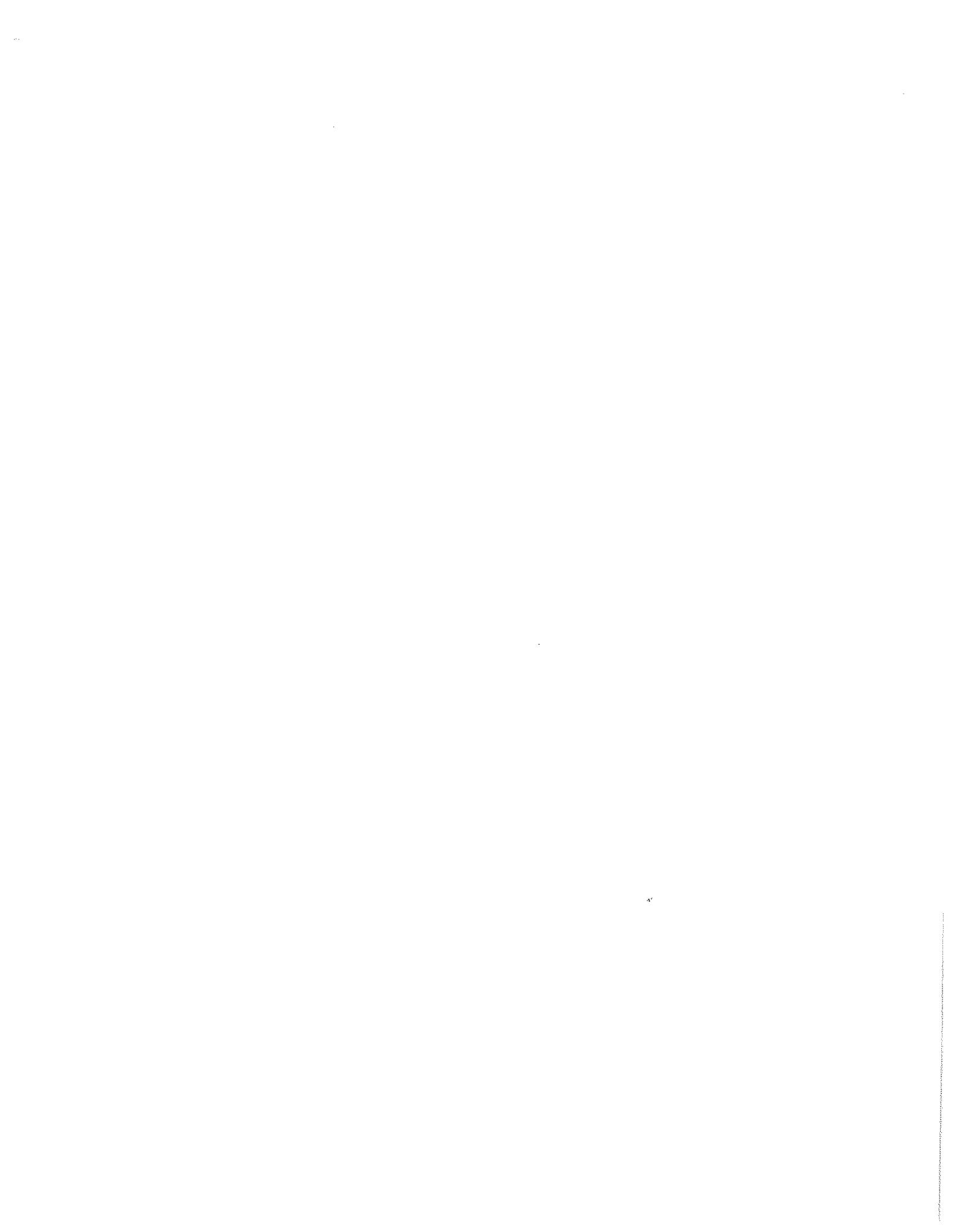
If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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.



Thomas N. Trent
Administrative Law Judge

TNT:mal
990692aa.wpd



CITY OF PIEDMONT

Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

RECEIPT FOR BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 15th day of March, 2001, at Piedmont, West Virginia, the undersigned received for the Purchaser the City of Piedmont Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), numbered AR-1, in the principal amount of \$950,000 (the "Series 2001 A Bonds"), and the City of Piedmont Water Revenue Bonds, Series 2001 B (United States Department of Agriculture), numbered BR-1, in the principal amount of \$350,000 (the "Series 2001 B Bonds"), both issued as single, fully registered Bonds, both dated the date hereof, and both bearing interest at the rate of 4.5 % per annum, payable in monthly installments as stated in each respective Bond (collectively, the "Bonds"). The Bonds represent the entire above-captioned Bond issue.
2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the City of Piedmont (the "Issuer").
3. At the time of such receipt, there was paid to the Issuer the sum of \$8,000, being a portion of the principal amount of the Series 2001 A Bonds, and the sum of \$8,000, being a portion of the principal amount of the Series 2001 B Bonds. The balance of the respective principal amounts of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 15th day of March, 2001.


Authorized Representative

03/12/01
704210/99001



SPECIMEN

CITY OF PIEDMONT

WATER REVENUE BONDS, SERIES 2001 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$950,000

No. AR-1

Date: March 15, 2001

FOR VALUE RECEIVED, the CITY OF PIEDMONT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$4,361, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration heretofore shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security heretofore, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the waterworks system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange heretofore.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on March 12, 2001, authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2001 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$350,000 AS DEFINED IN SAID ORDINANCE.

IN WITNESS WHEREOF, the CITY OF PIEDMONT has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, all as of the date herein above written.

CITY OF PIEDMONT

[CORPORATE SEAL]

M. L. Francis

Mayor
52 Second Street
Piedmont, West Virginia 26750

ATTEST:

D. Gaudet

City Clerk

(Form of Assignment)

ASSIGNMENT

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

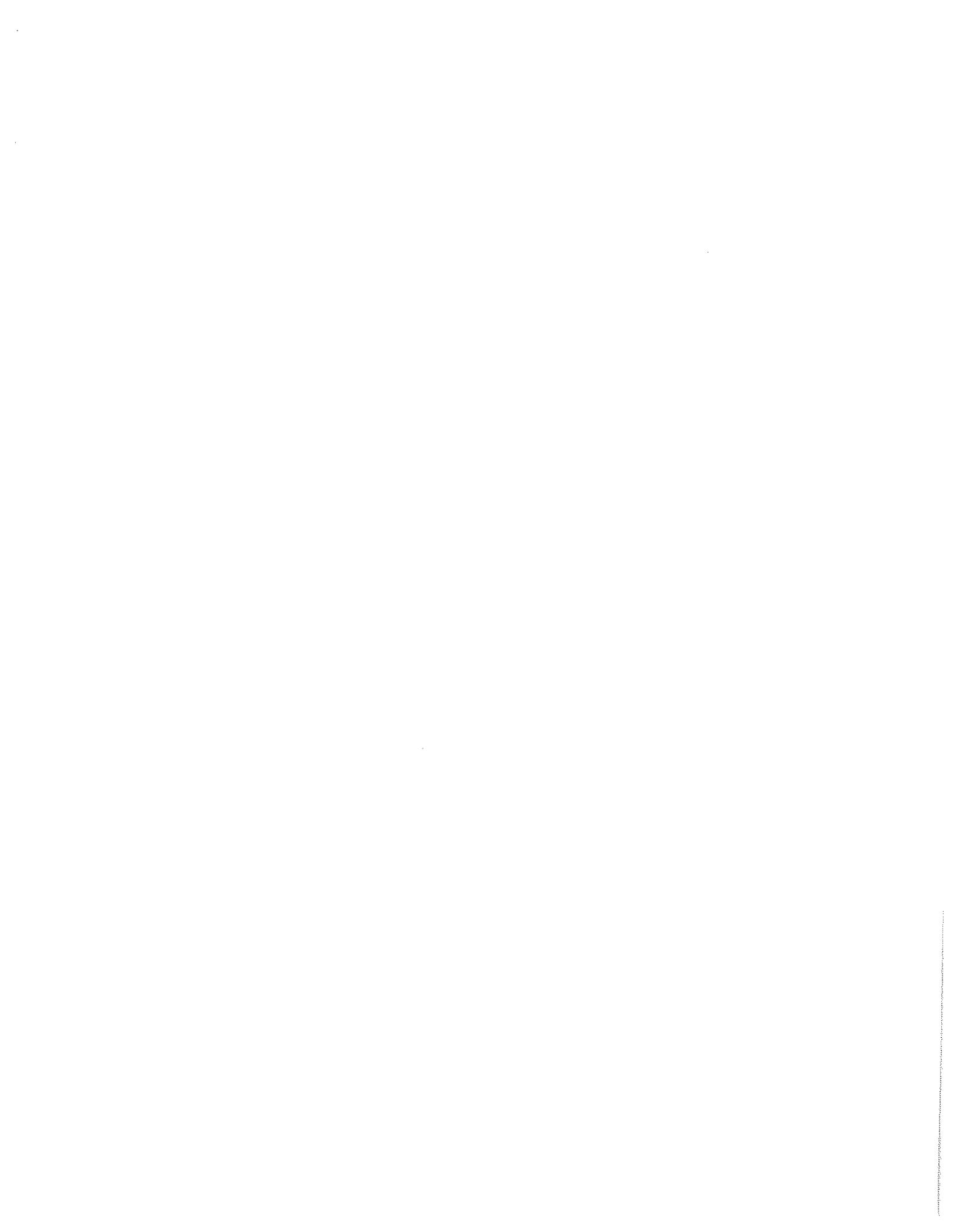
the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

03/12/01
704210.99001

CH625187.2



SPECIMEN

CITY OF PIEDMONT

WATER REVENUE BONDS, SERIES 2001 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$350,000

No. BR-1

Date: March 15, 2001

FOR VALUE RECEIVED, the CITY OF PIEDMONT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$1,607, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration heretofore shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security heretofore, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the waterworks system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at said office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange heretofore.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on March 12, 2001, authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$950,000 AS DEFINED IN SAID ORDINANCE.

IN WITNESS WHEREOF, the CITY OF PIEDMONT has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, all as of the date herein above written.

CITY OF PIEDMONT

[CORPORATE SEAL]

Michael Francis

Mayor
52 Second Street
Piedmont, West Virginia 26750

ATTEST:

Delores Gaudet

City Clerk

(Form of Assignment)

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:

03/15/01
704210.99001



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

1 Debtor(s) (Last Name First) and address(es) CITY OF PIEDMONT 52 Second Street Piedmont, WV 26750	2 Secured Party(ies) and address(es) UNITED STATES DEPARTMENT OF AGRICULTURE Rural Utilities Service 401 Davis Avenue Elkins, WV 26241-3848	3 Maturity date (if any): 3/15/40 For Filing Officer (Date, Time, Number and Filing Office) 0556792 01 MAR 20 AM 11:33 WV SEC. OF STATE FILED
--	--	--

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

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

ASSIGNEE OF SECURED PARTY

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

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

CITY OF PIEDMONT By <u>Michael Francis</u> Its Mayor <small>(Signature(s) of Debtor(s))</small>	UNITED STATES DEPARTMENT OF AGRICULTURE By <u>J. R. [Signature]</u> Rural Development Specialist <small>(Signature(s) of Secured Party(ies))</small>
--	---

2 FILING OFFICER COPY - NUMERICAL

CITY OF PIEDMONT

Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, JOSEPH MANCHIN, Secretary of State of the State of West Virginia,
hereby certify that on march 20, 2001, at the hour set forth below, there was filed
in my office:

(1) A FINANCING STATEMENT between the City of
Piedmont, as debtor, and the United States Department of Agriculture, as
secured party, filed at the hour of 11:33 A.m. as Financing Statement No.
556792.

[SEAL]



Secretary of State of the State of West Virginia

03/09/01
704210/99001



March 15, 2001

City of Piedmont
Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

City of Piedmont
Piedmont, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Piedmont in Mineral County, West Virginia (the "Issuer"), of its \$950,000 Water Revenue Bonds, Series 2001 A (United States Department of Agriculture) (the "Series 2001 A Bonds") and its \$350,000 Water Revenue Bonds, Series 2001 B (United States Department of Agriculture) (the "Series 2001 B Bonds"), both dated the date hereof (collectively, the "Series 2001 Bonds"), pursuant to Chapter 8, Article 19, of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance of the Issuer duly enacted on March 12, 2001 (the "Ordinance"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Ordinance and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, 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 adopt and enact the Ordinance, perform the agreements on its part contained therein and issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.
2. The Ordinance has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Ordinance creates a valid lien on the funds pledged by the Ordinance for the security of the Bonds and subject to no prior lien granted under the Act.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Ordinance.

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

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Ordinance 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,



STEPTOE & JOHNSON PLLC

JAMES E. CARSKADON
ATTORNEY AT LAW

22 MAIN STREET, SUITE B
WESTERNPORT, MARYLAND 21562-0237
(301) 359-9521
FAX (301) 359-5067

ADMITTED TO PRACTICE IN MD AND WV

135 CENTER STREET
KEYSER, WEST VIRGINIA 26726
(304) 788-4529
FAX (304) 788-3760

PLEASE REPLY TO:

March 14, 2001

City of Piedmont
Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

City of Piedmont
Piedmont, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the City of Piedmont, a municipal corporation, in Mineral County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, an ordinance of the Issuer duly enacted March 12, 2001 (the "Ordinance"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used in the Ordinance and not otherwise defined herein shall have the same meanings set forth in the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia.
2. The Mayor, Clerk and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

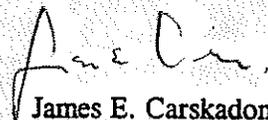
4. Other than the Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Ordinance, 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 agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

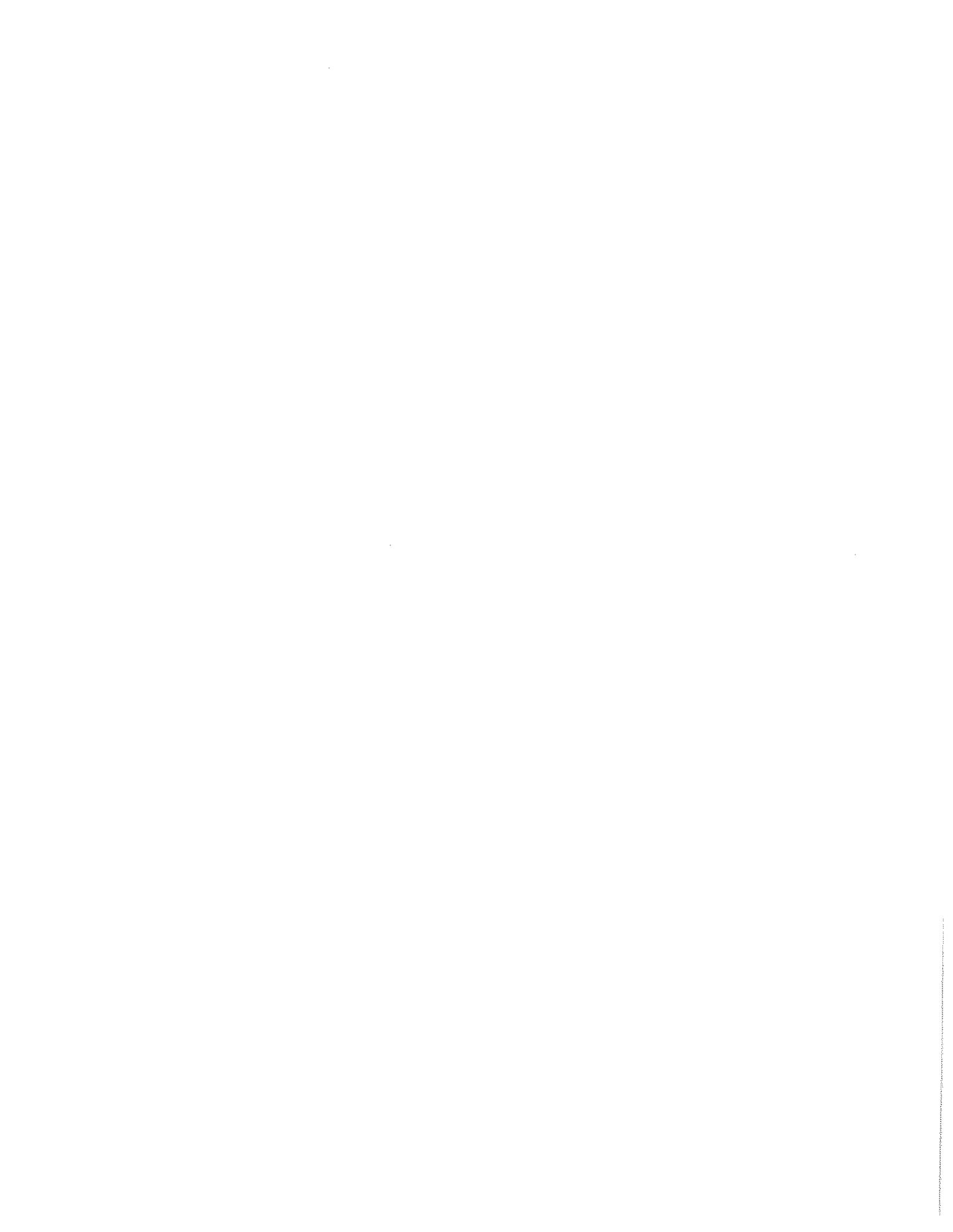
6. All applicable and necessary permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations required by law for the issuance of the Bond, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the Public Service Commission of West Virginia, and the Issuer has duly taken any other action required for the imposition of such rates and charges, including, without limitation, the due enactment of an ordinance prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without appeal.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Gross Revenues therefor.

Very truly yours,



James E. Carskadon, Esquire



CITY OF PIEDMONT

Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. RATE FILING WITH PSC
16. GRANTS
17. CONFLICT OF INTEREST

We, the undersigned MAYOR and CITY CLERK of the City of Piedmont, in Mineral County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the City of Piedmont Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$950,000 (the "Series 2001 A Bonds"), and the City of Piedmont Water Revenue Bonds, Series 2001 B (United States Department of Agriculture), No. BR-1, dated the date hereof, fully registered, in the principal amount of \$350,000 (the "Series 2001 B Bonds") (collectively, the "Series 2001 Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2001 Bonds has been

duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated March 24, 1997, as amended on March 22, 1999, and February 26, 2001, and as appears in Section 7.03 of the Ordinance of the Issuer duly enacted on March 12, 2001, authorizing issuance of the Series 2001 Bonds (the "Ordinance" or "Bond Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Ordinance when used herein. The Series 2001 Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the System, herein defined and described, located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2001 Bonds or receipt of any grant moneys, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2001 Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2001 Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the acquisition, construction or operation of the waterworks system of the Issuer (the waterworks system, as improved and expanded by the Project, herein defined, is herein called the "System") or the acquisition and construction of extensions, improvements and additions thereto (the "Project"), a portion of the cost of which is being financed out of the proceeds of sale of the Series 2001 Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2001 Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the System were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on January 5, 2000, in Case No. 99-0692-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in the acquisition and construction of the Project.

There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

5. SIGNATURES, ETC.: The undersigned Mayor and City Clerk did, for the Issuer on the date hereof, officially execute and seal the Series 2001 Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2001 Bonds for the Issuer.

6. 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

Public Service Commission Order

City Charter

Oaths of Office of Officers and Council members

Rate Ordinance

Affidavit of Publication of Notice of Public Hearing on Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinance

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

Minutes on Adoption and Enactment of Bond Ordinance

United States Department of Agriculture Letter of Conditions and
Amendment No. 1

United States Department of Housing and Urban Development
(Small Cities Block Grant) Agreement

The undersigned Mayor hereby covenants that he has or will file tariffs pursuant to the Final Order of the Public Service Commission when the completion date of the Project is definitely known, or has or will cause such tariffs to be filed in accordance with said order or as otherwise required by law.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "City of Piedmont." The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Mineral County of said State. The governing body of the Issuer is its Council consisting of a Mayor and 5 council members, all duly elected or appointed (as applicable), qualified and acting, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Michael Anthony Francis -	Mayor	06/01/99	05/31/01
Linda Butler -	Councilmember	06/01/97	05/31/01
Robert Fike -	Councilmember	06/01/97	05/31/01
Freda Fisher -	Councilmember	06/02/00	05/31/01
James "Ebbie" Gilmore -	Councilmember	06/01/99	05/31/03
Keff McGoye -	Councilmember	06/01/99	05/31/01

The duly appointed and acting Mayor of the Issuer is Michael Anthony Francis.
The duly appointed and acting City Clerk of the Issuer is Deborah Gaudet.

The duly appointed and acting Attorney for the Issuer is James E. Carskadon
of Keyser, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2001 Bonds were delivered to the Purchaser at Piedmont, West Virginia, by the undersigned Mayor for the purposes set forth herein, and at the time of such delivery, the Series 2001 Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Ordinance.

At the time of delivery of the Series 2001 Bonds, the undersigned Mayor received \$8,000, being a portion of the principal amount of the Series 2001 A Bonds, and \$8,000, being a portion of the respective principal amounts of the Series 2001 B Bonds. Further advances of the balance of the principal amount of the Series 2001 Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2001 Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.5% per annum is payable from the date of each respective advance.

The Series 2001 Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and 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 Series 2001 Bonds.

10. **MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized or adopted at 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 official 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.

11. **CONTRACTORS' INSURANCE, ETC.:** All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Ordinance.

12. **CONNECTIONS, ETC.:** The Issuer has provided evidence that there will be at least 357 bona fide users to be served by the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

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 *Mineral Daily News-Tribune*, a qualified newspaper of general circulation in the City of Piedmont, 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 Series 2001 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 12th day of March, 2001, at 6:00 p.m., at the Piedmont City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. RATE FILING WITH PSC: Pursuant to West Virginia Code Section 24-2-4b, the Issuer has filed the rates and rules contained in the Rate Ordinance authorizing such rates and rules with the Public Service Commission of West Virginia.

16. GRANTS: As of the date hereof, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$1,250,000 is committed and in full force and effect.

17. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2001 Bonds, the Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. 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.

WITNESS our signatures and the official corporate seal of the CITY OF
PIEDMONT on this 15th day of March, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Michael A. France

Mayor

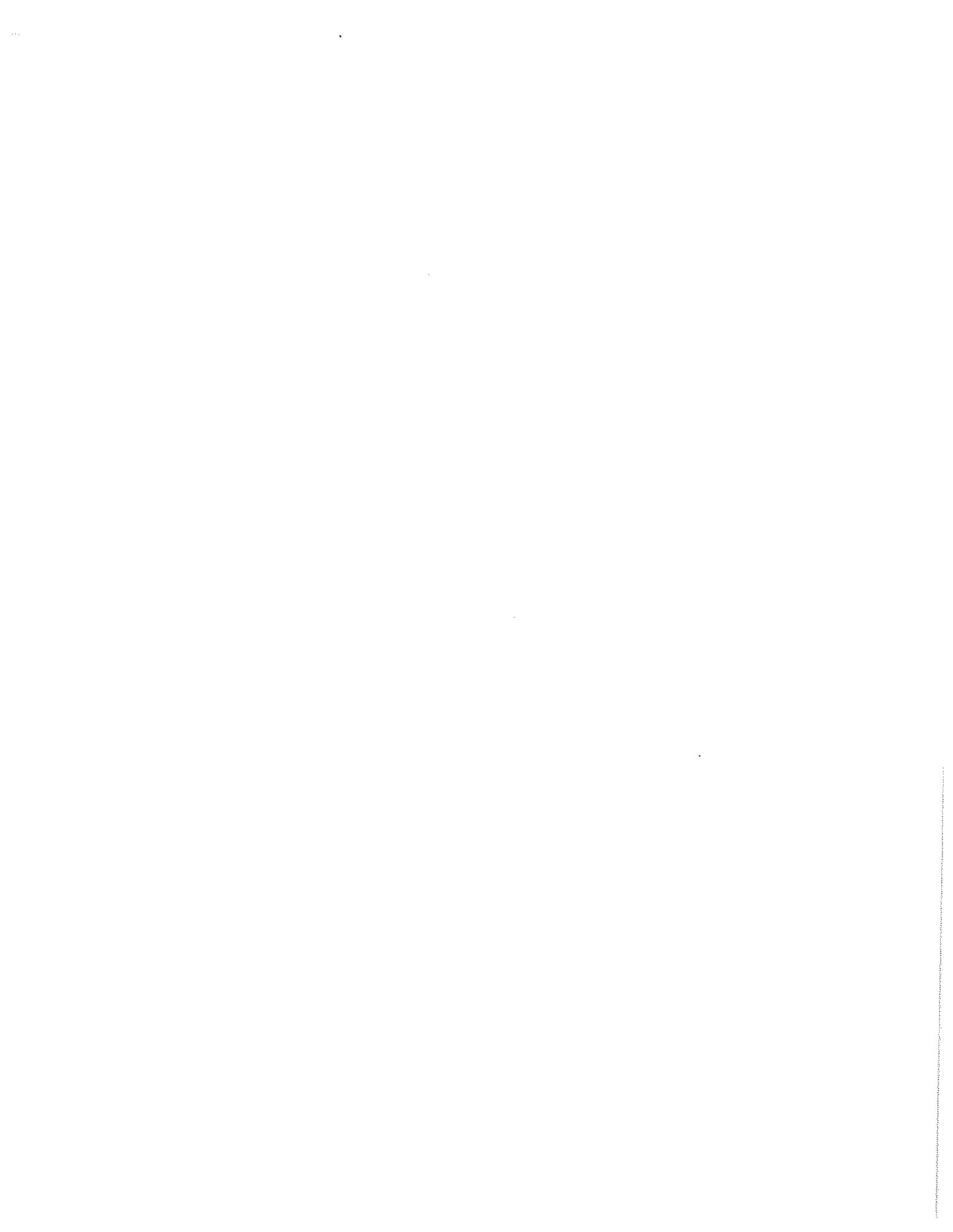
Deborah Gaudet

City Clerk

Ann L. ...

Attorney for Issuer

03/12/01
704210/99001



CITY OF PIEDMONT

Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, David G. Vanscoy, Registered Professional Engineer, West Virginia License No. 6649, of Rummel, Klepper & Kahl, LLP, Consulting Engineers, in Keyser, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of additions, betterments and improvements (the "Project") to the existing waterworks system ("System") of the City of Piedmont (the "Issuer"), to be acquired and constructed in Mineral County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bond of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purposes for which it was designed and that all necessary governmental approvals, consents, authorizations and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature and seal on this 15th day of March, 2001.

[SEAL]

RUMMEL, KLEPPER & KAHL, LLP



David G. Vanscoy, P.E.

WV License No. 6649



03/06/01
704210/99001



CHARTER
OF THE
CITY OF PIEDMONT

MAYOR

H. CLAY SHAW

RECORDER

C. C. CULBERTSON

COUNCILMEN

CHARLES T. NEFF

JAMES L. McHENRY

A. F. HAWKINS

W. A. SHUEY

P. J. O'BRIEN

CITY SERGEANT

J. K. P. JOHNSON

Prepared by authority of the Mayor and City Council January 1913

ROBERT McV. DRANE

City Attorney

1913

AN ACT to amend an act of the legislature of West Virginia passed on the twenty-seventh day of February, one thousand eight hundred and sixty-six, entitled, "an act to amend an act to incorporate the town of Piedmont in the county of Mineral, (late Hampshire)," and being chapter eighty-six of the acts of one thousand eight hundred and sixty-six, and to change the corporate limits of said town, so as to include additional territory and consolidate into one act the whole charter of said town.

(Passed: February 3, 1913. In effect from passage. Approved by the Governor February 8, 1913.)

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BE IT ENACTED BY THE LEGISLATURE OF WEST VIRGINIA:

ARTICLE 1.

THE CITY OF PIEDMONT.

Sec. 1. That the inhabitants of so much of the county of Mineral as are within the boundaries prescribed by article two of this act, and their successors, shall constitute, be and remain a municipal corporation by the name of the "City of Piedmont."

ARTICLE II.

CORPORATE LIMITS.

Sec. 2. The corporate limits of the city of Piedmont shall be as follows, to wit: Beginning at a stone marked number one on the south side of the county road leading from Piedmont to Keyser, Mineral County, West Virginia, said beginning being south sixty degrees west two hundred and eighty feet from a stone in the center of the county road about eight hundred feet east of where Odel Spring Run crosses the county road and running thence north 60 degrees east 664 feet, at 280 feet crossing the county road and at 595 feet crossing the Baltimore and Ohio Railroad tracks, and running thence with the Potomac river: north 15 degrees 35 minutes west 485 feet; north 3 degrees 30 minutes east 760 feet; north 4 degrees 30 minutes west 208.7 feet; north 10 degrees 24 minutes west 463.5 feet; north 2 degrees 31 minutes east 169.1 feet; north 6 degrees 14 minutes west 97.9 feet; north 9 degrees 55 minutes west 158.6 feet; north 9 degrees 40 minutes west 251.3 feet; north 22 degrees 37 minutes west 329.7 feet; north 24 degrees 51 minutes west 491.1 feet; north 52 degrees 25 minutes west 373.4 feet; north 71 degrees 30 minutes west 140.1 feet; south 80 degrees 32 minutes west 296.9 feet; north 79 degrees 20 minutes west 265.2 feet; north 62 degrees 39 minutes west 137.4 feet; north 79 degrees 24 minutes west 107.5 feet; north 59 degrees 15 minutes west 594 feet; north 54 degrees 5 minutes west 112.7 feet; north 9 degrees 32 minutes west 361.4 feet; north 16 degrees 38 minutes west 182 feet; north 21 degrees 44 minutes west 513 feet; north 31 degrees 58 minutes west 258.5 feet; north 53 degrees 37 minutes west 132.8 feet-- at 70 feet center of abutment Piedmont and Westernport bridge; north 69 degrees 48 minutes west 115 feet--at 100 feet center of abutment of Cumberland and Pennsylvania railroad bridge; north 86 degrees 49 minutes west 303.3 feet; south 83 degrees 48 minutes west 373.4 feet; south 72 degrees 21 minutes west 288 feet; south 82 degrees 41 minutes west 79 feet; south 60 degrees 57 minutes west 198.4 feet; south 48 degrees 49 minutes west 399.1 feet; south 32 degrees 44 minutes west 409 feet; south 9 degrees 46 minutes west 412.3 feet; south 8 degrees 49 minutes west 499.8 feet; south 11 degrees 27 minutes west 646 feet--at 15 feet center of abutment Piedmont and Luke bridge, thence leaving the Potomac River; south 55 degrees 3 minutes east 680 feet-- to stone marked 36 near old mine opening on hill at 50 feet on this line crossing the Baltimore and Ohio railroad tracks; north 76 degrees east 1700 feet to a stone; south 35 degrees east 2200 feet to a stone north 22 degrees west 20 feet from a maple, 6 notches; at 614 feet locust on line; at 1235 feet white oak 7 feet to the right; south 32 degrees east 1079 feet to a stone on west side of a road near Odel Spring Run, also south 71 degrees west 15 feet from a maple, 6 notches; at 747 feet Fire Clay Tram Road; at 1020 feet Odel Spring Run; thence south 41 degrees east 791 feet to the beginning.

ARTICLE III.

Municipal Authorities.

Sec. 3. The municipal authorities of the City of Piedmont shall be the Mayor, recorder, and five councilmen, who shall constitute the Council.

ARTICLE IV.

Officers.

Sec. 4. In addition to the municipal authorities mentioned in article three of this act, the said City of Piedmont shall have a treasurer, sergeant, city attorney, chief of police, building inspector, who may be one of the council, a police judge, who shall be the mayor, a health commissioner, an auditor and such other officers and agents as the council may from time to time create or employ.

ARTICLE V.

Corporate Powers.

Sec. 5. All of the corporate powers of said city shall be exercised by the said council or under its authority, except as otherwise provided herein.

Sec. 6. The mayor and councilmen, when elected and qualified as hereinafter, provided, shall have possession and exercise corporate powers as a body politic by the name of "The City of Piedmont", and shall have perpetual succession and a common seal, and by that name may sue and be sued, plead and impleaded, and may purchase and hold or sell real estate and personal property necessary to enable them to discharge its corporate duties, needful or convenient for the good order, government and welfare of said corporation.

Sec. 7. The municipal authorities of said city, acting under the powers and in the manner herein specified, shall have and are hereby granted the power to have said city re-surveyed; to open, vacate, broaden, widen and repair streets and alleys; to curb and pave streets, sidewalks and gutters for public use, and to alter, improve, repair and light the same; to construct and maintain public sewers and laterals, and shall in all cases have power to assess upon and collect from the property benefited thereby such part of the expense thereof as shall be fixed by ordinance, except as hereinafter provided; to have control of all streets and avenues, roads and alleys for public use in said city, and to have the same kept in good order, free from obstruction on or over them; to have the right to control all bridges within the said city and traffic passing thereover; to regulate and determine the width of streets, sidewalks and footways for public use in said city, to be done and kept in good order by the owners of adjacent property; to control the construction and repairing of all houses, bridges, culverts and sewers, and to prescribe and enforce all regulations affecting the erecting, repairing or removal of all buildings and structures, and to require permits to be obtained for such buildings, plans, and specifications thereof to be first submitted to the building inspector, and to prescribe and enforce regulations controlling the erection of such buildings, and to secure the safety and health of the public; to control the opening and construction of ditches, drains, sewers, cesspools and gutters; to deepen, widen and clear the same of stagnant water and filth and to determine at whose expense the same shall be done; to build and maintain station houses, police stations and police courts, and to regulate the management thereof; to purchase, lay off, appropriate and control public grounds, squares and parks, either within or without the city limits as hereinafter defined, and when the council determines that any real estate is necessary to be acquired by said city for any such purpose, the power of eminent domain is hereby conferred upon said city, and it shall have the right to institute condemnation proceedings against the owners thereof

in the same manner and to the same extent and under the same conditions as such power is conferred upon public service corporations by chapter forty-eight of the code of West Virginia of the edition of one thousand nine hundred and six; to provide for and take care of all public buildings and structures deemed proper for the use of said city; to provide for and regulate the building of all houses or other structures and to determine the distance they shall be built from the street or alley; to cause the removal of unsafe walls or buildings; to compel owners of property to fence in or wall their property for the protection of the public safety; to prevent the injury and annoyance to the business of individuals from anything dangerous, offensive or unwholesome; to abate or cause to be abated all nuisances; to regulate the keeping of gunpowder and all other combustibles; to provide and maintain proper places for the burial of the dead; to regulate interments therein upon such terms and conditions as to price and otherwise as may be determined; to provide for shade and ornamental trees and the protection or removal of same; to provide for the draining of lots by proper drains and ditches; to make proper regulation regarding danger and damage from fire; to provide for the poor of the city; to organize and maintain fire companies and to provide the necessary apparatus; to levy taxes on persons, property and licenses; to provide revenue for the city and appropriate the same to its expenses; to provide for the valuation of property as often as it may be deemed proper and for the assessment of taxable persons and property; to adopt rules for the transaction of business and for the government and welfare of its corporate bodies; to promote the general welfare of the city and protect the person and property of citizens therein; to adopt rules for the transaction of business and for the government and regulation of its corporate bodies; to appoint such officers as they may deem proper and require and take from them bonds with such security and in such penalty as may be determined, conditioned for the faithful discharge of their duties; to regulate and provide for the weighing of produce and other articles sold in said city; to regulate the transportation thereof through the streets; to establish and regulate the transportation thereof through the streets; to establish and regulate markets, to prescribe the time for holding the same and what shall be sold only in such markets, and to acquire and hold property for market purposes if deemed proper; to regulate the placing of signs, bill boards, posters and advertisements and other obstructions in, on, over the streets, alleys and sidewalks of said city; to preserve and protect the peace, order and health of the city and its inhabitants; to appoint and fix places for holding city elections; to erect, own, lease, regulate, authorize or prohibit the erection of gas works, electric light works in or near the city, and to operate the same and sell the products thereof, and to do all things necessary and incidental to the conduct of such business; to provide for and preserve the purity of the water and health of the city; to prescribe and enforce ordinances for the purpose of protecting the health, decency, morality and order of the city and its inhabitants, and to punish violations of such ordinances, even if the offenses under and against such ordinances shall also constitute offenses under the laws of the state of West Virginia or the common law; to have and exercise all the rights, privileges and powers provided by chapter forty-seven of the code of West Virginia of the edition of one thousand nine hundred and six, and amendments thereof not inconsistent with this act, and shall retain, keep and succeed to all rights, privileges, property, interests, claims and demands heretofore acquired by, vested in or transferred to the City of Piedmont, or heretofore to the corporation of Piedmont.

Sec. 8. To carry into effect these enumerated powers and all other powers conferred upon said city, expressly or by implication in this and other acts of the legislature, the municipal authorities of said city shall have power in the manner heretofore prescribed to adopt and enforce all needful orders, by-laws and ordinances not contrary to the laws and constitution of this state, and to prescribe, impose and enforce reasonable fines and penalties, including imprisonment, and with the consent of the county court of Mineral County, entered of record, shall have the right to use the jail of said county for any purpose necessary to the administration of its affairs.

ARTICLE VI.

Qualification of Voters.

Sec. 9. Every person who may have resided within the territory of said city for six months next preceding an election held therein, and who is a qualified voter under the laws and constitution of this State, and none others, shall be entitled to vote at any election held in said city. But no person shall be deemed a resident of said city by reason of being a student of any school or college therein for any temporary purpose.

ARTICLE VII.

Elections.

Sec. 10. The Council shall by ordinance provide such regulations for the registration of voters as the state law may require.

Sec. 11. The first election under this act shall be held on the second Monday in May in the year one thousand nine hundred and fourteen; and the second election on the second Monday in May in the year one thousand nine hundred, and fifteen, and on the same day every year thereafter. Such first election and all subsequent elections shall be held in such manner as is, or shall be prescribed by law for the holding of state elections and the council shall for the first election held under this act, and at least ten days before said first election under this act, designate the voting place and the names of the commissioners, clerks and challengers to hold the said first election. Special elections for any purpose must be authorized by the council and called by the Mayor. Notices of all special elections must be given by publication in at least one newspaper of general circulation, published in the city of Piedmont, at least thirty days before the date fixed for such special election, and by posting notices in such manner as the council may deem necessary. The Council shall sit on the seventh day, Sundays excepted, after every election as a board of canvassers, each member of the Council having one vote; and as such board of canvassers they shall canvass, ascertain, publish and declare the result of any election held; and the circuit court of Mineral County shall have power to control proceedings of said board of canvassers by mandamus and prohibition. The said board shall keep in a separate book, marked for that purpose, a record of its proceedings, and shall take down and record any evidence, motion, or paper filed, or offered by any candidate, which book and record shall be open to the public and shall be kept in the custody of the recorder.

ARTICLE VIII.

Election of Officers.

Sec. 12. On the second Monday in May one thousand nine hundred and fourteen, and on the same day every year thereafter, there shall be elected by the qualified voters of the city a mayor, who shall hold office from the first day of June succeeding in the year in which he is elected for a term of one year, and until his successor is elected and qualified.

Sec. 13. No person shall be eligible to the office of mayor except he be assessed with and own at least five hundred dollars worth of real or personal property, and is a citizen entitled to vote at the election at which he is elected, and no person shall be elected to such office to retain and hold the same, who shall be or become an officer or employee of any person, firm or corporation holding any franchise or contract under or with said city.

Sec. 14. On the second Monday in May one thousand nine hundred and fourteen, there shall be elected by the qualified voters of the city three councilmen, the two receiving the greater number of votes to hold office from the first day of June one thousand nine hundred and fourteen until the first day of June one thousand nine hundred and

sixteen, and the one receiving the least number of votes shall hold office from the first day of June one thousand nine hundred and fourteen until the first day of June one thousand nine hundred and fifteen, or until their successors are elected and qualified. Beginning with the first election held under this act, which will be on the second Monday in May, one thousand nine hundred and fourteen, and every year thereafter, there shall be elected three councilmen and a recorder, by the qualified voters of the city, the two councilmen receiving the highest or greater number of votes to hold office for a term of two years, and the one receiving the least number of votes to hold office for the term of one year; the recorder shall serve for a term of one year, and so on every year thereafter. The officers of the city elected under the old charter and at the election held in the year one thousand nine hundred and thirteen shall hold over until their successors are elected and qualified.

Sec. 15. No person shall be eligible to the office of councilman or recorder except he be assessed with and own at least three hundred dollars worth of real or personal property, and be a citizen entitled to vote at the election at which he is elected.

Sec. 16. If any officer or councilman shall in any way become personally interested in any contract for labor, work, material or articles of any kind, done, performed or purchased for the city in any contract awarded after competitive bids, to which said city shall be a party, he shall be deemed guilty of a misdemeanor and shall be fined not to exceed three hundred dollars or imprisoned not to exceed three months, or both fined and imprisoned at the discretion of the court, and the judgment of conviction shall operate to vacate his office, and the judgment shall so state, and it shall operate to render such contract void and no money shall be paid thereon. Jurisdiction to try, determine and sentence for a violation of this section is hereby conferred upon the circuit court of Mineral County.

ARTICLE IX.

Oath of Mayor and Other Officers.

Sec. 17. The mayor, before taking his seat or performing any of the duties of such office, shall take and subscribe an oath or affirmation that he possesses the qualifications prescribed by this act to hold such office, and is not subject to any of the disqualifications prescribed therein, and that he will support the constitution of the United States and the constitution of this state, and honestly discharge the duties of his office to the best of his skill and judgment, which oath shall be written out and signed and filed and preserved among the records and books of the city.

Sec. 18. The recorder, councilmen and all other officers elected or appointed under this act shall take and subscribe an oath or affirmation in the time, manner, form and effect prescribed for the mayor.

ARTICLE X.

Vacancies Occurring.

Sec. 19. If a vacancy should occur in the office of mayor, the council shall, as soon as practicable, fill the vacancy by the appointment of some qualified person. If any vacancy occurs in any other office, whether elective or appointive, the council shall fill the same by the appointment of some qualified person subject to any regulations as regulations as required for the original appointment.

Sec. 20. All persons appointed to fill vacancies in the elective offices shall hold office until the next city election, and all vacancies in appointive offices shall be filled for the unexpired term.

Sec. 21. The council shall have and is hereby granted the power and authority to remove from office any officer, whether elective or appointive, for cause or upon written charges preferred by any responsible citizen to the council; but to remove from office under this provision, four-fifths of the members of the council must be present and four-fifths must concur in such removal, and the officer against whom the charges are preferred shall be served with reasonable notice of the same, together with the time of hearing upon such charges, together with a copy of such charges, and shall have the right to be represented before the council in person and by attorney, and the right to require all witnesses to be sworn and testify under oath before the council and to have the testimony taken down.

ARTICLE XI.

Officers May Perform Other Duties.

Sec. 22. Any member of the council, the mayor, recorder, treasurer or any other elective or appointive officer shall, during the time for which he was elected or appointed, be eligible or appointive to any other office under the city; provided, such employment is authorized by the council by resolution for such appointment; but in no case shall the time of service be for a longer period than said council is selected to serve under this act.

ARTICLE XII.

To Keep a Journal of Proceedings.

Sec. 23. The council shall keep a journal of all its proceedings which shall, at all time, be open to the inspection of the taxpayers of the city and be a public record, and the ayes and noes of the members shall be taken on any question, at the request of any member, and shall be taken down and entered on the journal.

ARTICLE XIII.

Meetings of Council.

Sec. 24. The council shall hold regular meetings on the first and third Wednesdays of each month of the year, and such special meetings as the business to be transacted may require, at such time, place or places in the city as the council shall, from time to time, ordain or appoint; and the council shall have the power by proper ordinance or resolution, entered on record, to vest in any officer of the city or any member or number of members of their body, authority to call such special meetings and in like manner to prescribe the mode in and by which said special meetings shall be called. All questions put, except as to such matters as are herein otherwise provided, shall be decided by a majority of all the members elected. No business shall be transacted at any special meetings of the council unless specifically mentioned in the call for such meeting.

ARTICLE XIV.

Quorum.

Sec. 25. A majority of the whole number of members elected or appointed to the council shall constitute a quorum to transact business, but a smaller number may adjourn from time to time and may compel attendance of absent members in such manner and under such penalties as either body may by rules provide.

ARTICLE XV.

Salaries.

Sec. 26. The mayor, recorder, members of council, treasurer and other officers, employees and appointees, shall receive for their official services such salaries as the council shall from time to time, by ordinance fix and establish; but the salaries of such officers shall not be increased or diminished during the term for which such officers were elected or appointed: provided, that the salaries of all officers elected or appointed for any term shall be fixed not later than thirty days preceding any election.

ARTICLE XVI.

Appointive Officers.

Sec. 27. The council shall by a majority vote of its members fill all appointive offices under the city administration.

ARTICLE XVII.

Duties of the Mayor.

Sec. 28. The mayor shall be chief executive officer of the city and shall preside at all meetings of the council and shall have a vote in case of a tie; he shall have charge and control of the police except as herein otherwise provided; he shall see, except as herein otherwise provided, that the laws and ordinances of the city are enforced; that the peace and good order of the city are preserved and that persons and property therein are protected, and to this end he may cause the arrest and detention of riotous and disorderly persons, and shall perform such other duties and services as the council may ordain in addition to the duties prescribed in this act and not inconsistent herewith. The recorder, except as herein otherwise provided, shall perform the duties of the mayor whenever and so long as the mayor is from any cause not able to perform his official duties, and he shall, in the absence of the mayor, perform any and all the duties of the mayor except he shall not preside over the council. In the absence of the mayor at a meeting of the council, the council shall select one of its own members to preside over its meetings, who shall have a vote as a councilman. If the mayor and recorder are both absent from the city, or otherwise disabled from performing the duties of the mayor, the council may elect a mayor pro tempore. The mayor shall have the power at any time to appoint special policemen, who shall be sworn in without confirmation of the council.

ARTICLE XVII.Duties of the Recorder.

Sec. 29. It shall be the duty of the recorder to keep a properly indexed journal of the proceedings of the council and board of health, and have charge of and preserve the records of the city; he shall, whenever required by the mayor, attend the police court and attend to all the duties as clerk of the police court of the city. In the absence of the mayor or police judge, he shall exercise the functions of police judge; he shall perform all other duties required of him by order or by ordinance of the council; as recorder, he shall receive compensation for his services to be fixed by the council, which shall not be increased or diminished during his term of office.

ARTICLE XIX.Duties of the Auditor.

Sec. 30. The auditor shall be the city accountant and auditing officer of the city and it will be his duty to see that the accounts of said city are kept in a detail and systematic manner, under the proper classification, so as to show the bonded and other indebtedness of said city, and the amounts and claims due the same, as well from taxes, levies and assessments as from other sources.

Sec. 31. In addition to the other duties of the auditor, it shall be his duty, on or before the first day of August in each year to make a copy from the real and personal property books of property shown to be liable to taxation within the limits of the city of Piedmont, and to certify such copy under his hand as a true and correct copy thereof, and to deliver the same to the council and to assist the council in preparing the annual estimate of expenses to be certified to the council as a basis for the annual levy. After such levy is made in each year, it shall be the duty of the auditor to extend said levy upon said real estate and personal property books for said city, and to prepare proper tax tickets therefrom against all owners of real estate and personal property subject to taxation in said city. He shall turn the said tax bills over to the treasurer or sergeant, who shall collect said taxes when due and payable, and the treasurer shall certify to the payments of same as made. In addition to the above duties of the auditor, he shall perform such other duties as the council shall prescribe.

ARTICLE XX.Duties of City Attorney.

Sec. 32. The Council shall appoint a city attorney, by a majority vote of its members; who shall be the legal adviser of the city and all its officers in all matters arising and in which legal proceedings may be taken; he shall prosecute all the suits, actions and proceedings instituted on behalf of said city and shall defend all suits and actions against said city, and when requested to do so in writing, shall give his written opinion to the mayor, council or any committee thereof, upon such questions as may be referred to him affecting the city's interest; he shall perform such other duties as may be required. It shall be his duty to attend all sessions of the police court whenever requested by the mayor or police judge, prosecute all trials therein and all appeals that are taken from such courts, and for his services shall receive such compensation as may be agreed on between him and the city council.

ARTICLE XXI.Duties of Police Judge.

Sec. 33. The mayor or police judge shall be ex officio a justice and conservator of the peace within the city and he shall, within the same, have, possess and exercise all the powers and perform all the duties vested by law in a justice of the peace, except that he shall have no jurisdiction in civil causes of action arising out of the corporate limits of the city. He shall have the same power to issue attachments in civil actions as a justice of his county has, though the cause of action arose out of the city limits, but in such case he shall have no power to try the same but must have such attachment returnable and heard before some justice of the county. Any warrant or other process issued by him may be executed within the same territorial limits as that of a justice of the county. He shall have power to issue executions for all fine, costs and penalties imposed by him, or he may require the immediate payment thereof, and in default of such payment he may commit the party in default to the jail of the city or the jail of the county of Mineral, until the fine, penalty or costs shall be paid, but the term of imprisonment in such cases shall not exceed sixty days. The expense of maintaining any person in the county jail shall be borne by the city, when said person has been committed to answer indictment. But such mayor or police judge shall not receive any money belonging to the state, or any individual, unless he shall give bond and security as required of a justice of the peace under the laws of the State of West Virginia; and all provisions under the laws of the state of West Virginia relating to money received by justices shall apply as to like moneys received by the mayor or police judge.

Article XXII.Ordinance - General Provisions.

Sec. 34. The style of the ordinances of the city shall be: " Be it enacted and ordained by the Council of the City of Piedmont," but the ordinances now in force shall remain in effect until amended or repealed, except where they are in conflict or inconsistent with this act.

Sec. 35. All ordinances shall be presented in writing and no ordinances shall be so amended in its passage as to change its general purpose. No ordinances shall be considered for final passage at the meeting at which it is introduced unless the same shall have been reported on by a committee, but reference to a committee may be dispensed with by an affirmative vote of three-fifths of the Council as elected. No ordinance shall contain more than one subject, which shall be clearly expressed in its title; nor shall any ordinance be passed by the Council unless a majority of all the members elected to the Council shall concur therein by yeas and nays when the question is put upon its passage.

Sec. 36. All ordinances passed by the council shall be spread upon the minutes, and at the next regular meeting such ordinances shall be read in open council, and the mayor shall sign said minutes, when found correct or corrected, in the presence of the council. The council shall provide a well bound book in which shall be copied all the ordinances in the order in which they are passed, which ordinances so copied shall be compared with the originals by the mayor and shall be signed by him when found correct. Such book shall be indexed so as to show in brief form the substance of the ordinance. All copies thereof, certified as hereinafter provided, shall be received by all the courts and justices in this state as evidence: but the council may adopt by ordinance, properly designating and describing it, a code of laws and ordinances, which when adopted shall be printed in book form, or it may be adopted as a whole after it is printed, and the said code shall be and become the laws and ordinances of the said city, and shall be received as such by all the courts in this state, and the printed volumes published under order of the council shall be so received as evidence of what is printed therein till errors or omissions be affirmatively shown therein.

Article XXIII.Franchises.

Sec. 37. All franchises granting the right of occupancy of any portions of the streets of the city for work of public utility and service shall be granted by the council, but no such franchise shall hereafter be granted except under the following restrictions and conditions:

No franchise shall be granted, except at the time of granting it bond be made to the city, providing that the grantee shall indemnify the city against all damages caused by construction, maintenance or operation of such works. All reasonable additional provisions may be made for the protection of the public, necessary damage or inconvenience by reason of the construction, maintenance or operation thereof.

No grant of a franchise for the extension of, or an addition to, any line of work or public service through, over or under any additional street or territory of the city shall be made for a period extending beyond the time limit for the expiration of the franchise, if the principal work is one granted before this act goes into effect and is not limited as to time. Any franchise granted for an extension or addition thereto shall nevertheless be made, subject to the provisions hereof, including a time limit of not exceeding fifty years.

The council shall, in all franchises hereafter granted, embody therein a plainly expressed condition, where the franchise is to be for work useful chiefly to the citizens of the city, that at the expiration of the franchise the grantee shall, if required by the council, sell to the city the plant at what it is then worth.

If the city or the owner of the plant cannot agree upon its value, then its value shall be ascertained by an impartial arbitration, one arbitrator to be selected by the city, one by such owner of the plant, these two to select a third, and the decision of any two to be binding upon both parties.

ARTICLE XXIV.Estimate of expenses and levy.

Sec. 38. A finance committee shall be appointed from the council members, by the mayor, and said finance committee shall, on or before the first day of August in each year, prepare and submit to the council an estimate of the amount of money necessary and advisable to be expended by the city for the current year next ensuing and to be provided for by the tax levy as herein provided for such current year, in which estimate the finance committee shall ascertain and present a detailed and itemized account or estimate of the money necessary to pay interest on the bonded indebtedness of the city, the amount required for the several sinking funds for the reduction for the principal thereof, the amount to be expended severally for the streets, alleys, curbing, waterworks, police department, fire department, street paving, sewers, salaries, parks, real and personal property, contingent expenses and other expenses, together with an itemized statement of the estimated receipts, other than that to be derived from the annual levy, and after receiving such estimates and before making the levy the council shall apportion the rate thereof, (including estimated receipts for licenses and all other sources), among the several funds so ascertained and provided for, which said appointment when adopted, shall be spread upon the records of the council.

Upon the estimate of such expenses, the council shall thereupon, by an ordinance, lay a levy for the ensuing tax year of a sum not to exceed fifty cents on each one hundred dollars assessed valuation of all taxable property, real and personal, subject to taxation in said city, as well as a capitation tax not to exceed two dollars upon every male inhabitant of said city over the age of twenty-one years who is subject to a capitation tax under the laws of the state of West Virginia, and said council is authorized to levy to such maximum of fifty cents on each one hundred dollars of valuation, notwithstanding any general laws now in force, or which may be enacted, restricting the powers of municipal corporations to levy taxes.

Sec. 39. Whenever anything, for which a state license is required, is to be done within said city, or within two miles of the corporate limits thereof, the municipal authorities, as herein provided, may require a city license to be had for doing the same, and may, in any case, require from any person licensed a bond, with surities, and in such penalty and with such conditions as it may deem proper, and the council may on notice revoke such lic-

ense at any time if the conditions of the said bond be broken, or for good cause.

The municipal authorities may impose a license and assess a tax thereon on all wheeled vehicles for public hire, all dogs kept within the corporate limits, all insurance, bonding, casualty and guarantee companies, auctioneers, book agents, bowling alleys, billiard saloons, bagatelle saloons, bond, note and loan associations, building and loan associations, capitation taxes, commission merchants, common criers, circuses, menageries, theatres, drays, cabs, hacks, etc., eating houses, express companies, hitting and striking machines, hobby horses, junk dealers, real estate agents, insurance agents, livery and feed stables, liquor dealers, omnibuses, peddlers, pawn brokers, stock brokers, slot machines, social clubs, street vendors, tobacco, snuff, cigars, etc., theatrical shows, transient merchants, telegraph and telephone companies, electric light companies, gas companies, and other business, property, profession or occupation, bicycles, automobiles, butchers and vendors of meat, vegetables and other things sold on the streets of the city. The municipal authorities may prescribe, impose and enforce reasonable fine and imprisonment, under the order of the police judge of said city or the person lawfully exercising his functions, upon any person carrying or attempting to carry on any business for which the said license is required, without first obtaining a city license therefor, and paying the city license tax assessed thereon. All licenses provided for in this section shall be paid to the sargeant or treasurer. For the purpose of enforcing the provisions of this section the city shall have police jurisdiction for two miles beyond the corporate limits thereof.

Sec.40. The council shall have the power to pass and make all regulations and pass all ordinances necessary and proper concerning the granting and revoking of all licenses. The city shall have the power to prohibit by ordinance and to punish persons abusing animals; to restrain and punish vagrants, mendicants, beggars, tramps, prostitutes and drunken and disorderly persons within the corporate limits; to provide for their arrest and manner of punishment; to prohibit and punish railroads bringing in paupers or persons or animals afflicted with dangerous diseases; to control and suppress bawdy houses, houses of assignation and gambling houses and to punish gambling; to prohibit slaughter houses within the prescribed limits and soap or glue factories of any kind; to restrain and prohibit the use of firecrackers, fireworks or other explosives, and all dangerous or unseemly noises which tend to annoy persons or frighten horses or other animals; to make regulations guarding against fire; to regulate the use of streets and alleys for street cars, railroads, railroad engines, traction engines, automobiles, and cars of all sorts, and regulate the running and operation of the same within the city limits; to regulate and prevent injury, inconvenience or annoyance to the public; to prohibit cock fighting and dog and prize fighting; to regulate and control the kind and manner of plumbing and electric wiring etc., for the safety and health of the public; to regulate, restrain and prohibit all animals and fowls running at large; to establish and regulate markets; to regulate signs and bill boards, posters and advertisements on or over streets; to regulate the sale and use of cocaine, morphine, opium and poisonous drugs; to provide for purity of water, milk, meats, etc., sold in the city limits; to fix and charges and prices for service or the articles of persons or companies operating public service plants, or other public institutions or utilities; to regulate public service corporations; to provide for inspecting dairies, slaughter houses and other places of like nature; to protect places of divine worship; to have abated and remove all nuisances; to regulate the construction of all water closets, privies, cesspools, pens, sinks, yards, stables and other places where offensive substances may accumulate; to regulate, and prescribe punishment for all violations against the public peace and welfare.

ARTICLES XXV.Taxes--How Collected.

Sec. 41. The city taxes annually levied by said council shall be collected as follows: Immediately after the annual levy for city taxes is laid, the auditor shall extend the same on the property books made out by him, including thereon the proper capitation taxes. He shall make out proper tax tickets in the following manner, that is to say: There shall be a single ticket for the whole amount charged to any person, firm, or corporation, and after the tickets have been examined and compared and found to be correct by the council, they shall be turned over to the sergeant or treasurer by the first day of October following the levy. The sergeant or treasurer shall receipt for the gross amount, said receipt to be returned and entered upon the record and the sergeant charged therewith. The sergeant shall then give notice, by publication or posting for at least ten days, stating that the tax tickets are in his hands for collection, the penalty for the non-payment thereof, and the time and place where the same may be paid; provided, however, that the taxpayer shall have the right to anticipate the payment of the whole or any part of the taxes as assessed. Immediately upon the payment of said taxes or any part thereof, the said amount shall be deposited by the sergeant or treasurer in one of the city depositories to the credit of the "city of Piedmont", and the sum so deposited shall be reported to the council at its first meeting after deposit is made. All taxes shall be due and payable within thirty days after the expiration of the notice posted by the sergeant as hereinbefore set forth, and in case the same are not paid within said time, he may distrain and sell therefor, in like manner as the officer collecting the state taxes may distrain therefor, and he shall have in all other respects the same power to enforce the payment and collection thereof. On all tickets remaining uncollected in the hands of the sergeant thirty days after the date of the expiration of the notice posted by him, a penalty of five per cent shall be added and collectable, together with six per cent interest until paid; provided, however, that the council shall have the power any year, by resolution, to extend the time that such tax tickets may remain in the sergeant's hands and be paid to him, before adding the penalty, for a period not to exceed thirty days. The council may by ordinance allow a discount for prompt payment of taxes. The sergeant shall have the power to collect said taxes so placed in his hands, together with the penalty and interest thereon, heretofore provided, to be added thereto. The sergeant shall be charged with the gross amount of said tax tickets so delivered to him for collection, and no deduction therefrom shall be allowed unless on or before the first day of September of each year he makes out and returns to the council a delinquent list of the taxes uncollected for the year previous, with his oath attached thereto, stating that such delinquent list is correct and just, that he has received no part of the taxes mentioned thereon, that he has used due diligence to find property to distress for said taxes and has found none, and that the same are uncollectable. Penalties and interest, provided for in this section, to be added to such taxes, shall not be deemed or considered any part of the limitation in this act hereinbefore prescribed, restricting the annual city levy to fifty cents on each one hundred dollar valuation. The sergeant shall perform such other duties as the council may require, and receive such compensation as shall be fixed by the council.

Sec. 42. All goods and chattels belonging to a person, firm or corporation or estate, assessed with any city taxes, whether the same be a capitation tax, tax upon real or personal property or an assessment for paving or other improvements, shall be liable for said taxes and may be distrained therefor in whosoever possession they may be found, and the sergeant shall have the same power to collect said taxes or assessments from any persons owing debts to or having in his possession any estate belonging to a person assessed with any tax or assessment of any kind, that the sheriff has to collect state taxes or enforce the collection thereof.

Sec. 43. There shall be a lien upon all real estate within said city for the city taxes assessed thereon, including such penalties and interest added thereto for non-payment thereof as are prescribed by this act, from the first day of January of the year in which said taxes are assessed. Said liens may be enforced in any courts of records in Mineral county by appropriate suit; provided, such suit be entered within five years from the time said liens attached as herein provided, and such suit may either be by and in the name of the city of Piedmont as plaintiff, or said city may intervene by petition in any suit pending to sell or enforce liens against real estate which is subject to such liens for said taxes. The liens herein created shall have priority over all other liens except those for taxes due the state and county.

Sec. 44. Said liens for city taxes and attendant penalties, as well as for imprisonment assessments, may also be enforced by certifying the same to the clerk of the county court of Mineral county for certification to the state auditor, and the same may be certified down by the state auditor and sold for taxes, interest and penalties and commissions thereon, in the same manner, at the same time and by the same officer as real estate is sold for taxes, interest, damages, costs and commissions due the state thereon, which officer shall account therefor on settlement with the council and pay the same over to the treasurer.

ARTICLE XXVI.

Money--How Appropriated.

Sec. 45. No money shall be appropriated and no debts shall be contracted and no contracts authorized by the city, except by an ordinance passed by the council as specified herein, and no such ordinances shall be passed except where the funds to meet the same shall have first been provided by levy duly made in accordance with this act and its provisions. No contract shall be entered into involving or anticipating further levies, unless all the questions connected with the same shall have been first submitted to a vote of the people and shall have received three-fifths of the vote cast at such election.

ARTICLE XXVII.

Sewers, Paving and Curbing.

Sec. 46. The council shall have the power to establish the width of any sidewalk along any street, alley or public square, or portion thereof, and any owner of ground fronting on such street, alley or public square shall, in such manner as the council shall reasonably prescribe, pave and curb the sidewalk adjacent to such property. In case of a failure or refusal of the owner to pave or curb the same, the council may cause the same to be properly curbed and paved by the city, and levy and collect from such owner the whole cost of such curbing and paving adjacent to such property, with a penalty of five per centum added thereto, together with six per centum interest until paid; and in like manner to require the owner of any property adjacent to any paved sidewalk heretofore or hereafter constructed, to keep the same in repair, and in default of doing so to cause the same to be repaired, and levy and collect the cost from said owner or owners with a penalty of five per centum added thereto together with six per centum interest per annum until paid. In all cases of such assessment, whether for the original or for the repairing of sidewalks, payment thereof, including penalties and interest, shall be made to the sergeant within thirty days

after the completion of the work, who shall have the power to collect the same from the owner or owners of any such property by distress and sale, in the same manner in which taxes levied for the benefit of the city are authorized to be collected and, in addition, there shall be a lien upon such real estate, which lien may be enforced by appropriate suit in any court of record of Mineral County.

Sec. 47. Whenever the council may deem it expedient to cause any street or alley in said city, or portion thereof, to be paved in a permanent manner, it shall order the work done in the following manner and upon the following terms: The contract for such paving shall, after due advertisement, in which the council shall reserve the right to reject any and all bids, be let, if let, to the lowest bidder. The contractor shall look only to the city for the payment for the work and in no sense to the abutting land owners. The total cost of grading and paving any such street or alley, (except when the streets are occupied by street car tracks, for the distance between the rails and for two additional feet outside of each rail, which portion shall be borne and paid by the company owning and operating such railway and tracks) shall be borne by the owners of the land abutting upon said street, alley or portion thereof, subject to the following plans, that is to say: Payment is to be made by all the land owners on either side of such portion of a street or block so paved, in such portion of the total cost, less the portion, if any, chargeable to such street railway, company, as the frontage in feet of his land bears to the total frontage of all land so abutting on such street, alley or portion thereof so paved as aforesaid. The cost of such paving chargeable to the abutting property is not to include any portion or amount paid for paving of squares at intersections of streets, which shall in all cases be borne and paid by the city. When the paving of any street or alley or portion thereof shall have been let to contract and the work done as hereinbefore provided, it shall be the duty of the city engineer to cause the several frontages abutting thereon to be measured, to calculate the assessment upon each and every land owner so abutting, and to certify the same to the council, showing the proper amount to be determined as provided in the foregoing plan. It shall be the duty of the council to examine and compare such assessments, amounts and names so certified to it. Thereupon the council shall give notice by publication for two successive weeks in some newspaper published in said city that an assessment, under this act, is about to be laid against abutting property for paving done on said streets or alleys, describing the location of such paving. Any owner or owners of abutting property shall have the right to appear before said council within three weeks from the first publication thereof, and move such council to correct any apportionment or assessment improperly made; which corrections the said council shall have the power to make. If found to be correct, or when rectified, the council shall cause the same to be entered, together with the description as to the location, frontage, depth and ownership of the lands, so far as the same may be ascertained, upon its records, and to enter in its records that such owners and lots be assessed and chargeable with the amount so ascertained to be borne by them respectively. When so approved, certified and entered of record, the same shall be and constitute an assessment against said owners and lots for such respective amounts. It shall be the duty of the council to immediately certify such assessment to the sergeant for collection as hereinbefore provided. A copy of such order shall be certified by the recorder to the clerk of the county court of Mineral county, who shall be required to record and index the same in the proper deed book in the name of each person against whose property assessments appear therein. The amounts so assessed against any land owners, as aforesaid, shall be paid in two payments as follows, that is to say: One-half of said amount shall be paid to the sergeant before the first day of June or the first day of December, whichever shall come first after said work is completed, certified and entered of record as aforesaid, and the other one-half shall be paid to the sergeant before the first day of the one of the said months next following, or as they shall come after the work is completed and is entered of record by the city, the purpose being to require the

payments regularly until the entire amount is paid. Provided, however, that the abutting landowner so liable for any of the costs of such paving shall have the right at any time, after the same is certified as aforesaid to the sergeant for collection, to anticipate and discount the payment of either installment, allowing five per cent per annum discount for any such anticipated payments, computed at the day of payment to the day fixed for the payment thereof. To each of said installments of assessments remaining unpaid in the sergeant's hands at the time specified for such payment, a penalty of five per cent, together with six per cent, per annum until paid, shall be added and the payment thereof enforced in all respects as hereinbefore provided for the collection of any other taxes due the city, and such shall be a lien upon the property liable therefor, the same as for other taxes, and the lien may be enforced in the same manner as provided for other taxes. The lien hereinbefore provided for shall have priority over all other liens, except those due the state and county for taxes, and shall be on a parity with other taxes and assessments due the city. Upon the payment of any assessment to the sergeant, he shall deliver to the party paying the same a release of the lien therefor, which may be recorded in the office of the clerk of the county court, as other releases of liens. Should such assessment not be in the hands of the sergeant, if the same shall have been shown to the satisfaction of the council to have been paid in full to any officer entitled to receive the same as designated by it, the council may direct the sergeant to execute a release of such lien, which release may in like manner be recorded.

ARTICLE XXVIII.

Sewers.

Sec. 48. Whenever the council shall order the construction of any public sewer in said city the owners of the property abutting upon any street, in which said sewer shall be constructed, shall be charged with and liable for sewerage assessments as follows: When said sewer is completed the city engineer shall report to the council in writing the total cost of such sewerage, with a description of the lots and land, as to the location, frontage, depth and ownership, liable for such sewerage assessment, so far as the same may be ascertained, together with the amounts chargeable against each lot and owner, estimated on the basis of one dollar and twenty five cents a foot for corner lots, frontage measures on said sewer being considered, except that such estimate as to corner lots fronting thereon and having a greater depth than one hundred and fifty feet shall be estimated at the rate of one dollar and fifty cents per front footage; and thereupon said council shall give notice by publication as is required in the case of street paving assessments, and the same rights shall exist as to the persons and property affected, and the same duty as to corrections by the council, as are prescribed with reference to paving, which report shall, in like manner, be examined by the council and if found to be correct, or corrected as aforesaid, and such estimated assessments to be a fair and equitable apportionment of the costs of such sewer, it shall enter an order upon its records setting forth such location, depth, ownership, and said amount of said sewer assessment against each property respectively, calculated as aforesaid, and the entry of such order shall constitute and be an assessment for such proportion and amount so fixed therein, against such respective owners and lots. If after such advertisement, notice and hearing said council shall find that such apportionment at such rate is unjust or inequitable, it shall ascertain, fix and assess the cost thereof among and upon the abutting owners respectively, fairly and equitably and in like manner assess and enter the amounts so fixed, respectively, upon its records, and the council shall in either event thereupon certify the same to the sergeant for collection, and certify a copy of such order to the clerk of the county

court of Mineral county, who shall record the same in the proper deed book and index the same in the name of the owner of any such lot so charged with such assessment. Such assessment so made shall constitute and be a lien upon said lots respectively, which shall have priority over all other liens except those for taxes due the state and county, and shall be on a parity with other taxes and assessments due the city. Said amounts so assessed against said several landowners shall be paid by the parties liable therefor to the said sergeant at the time, in the manner and with the attendant penalties and interest, for failure to pay promptly at the time prescribed, in all respects as hereinbefore provided in the case of assessment for paving of streets and alleys in a permanent manner; and the parties liable therefor in the same manner and to the same extent shall have the right and be entitled to anticipate any or all of such installments and to receive the same discount thereon as in such cases provided. The owner or owners of any lot abutting upon any street or alley in said city, on which a public sewer is or may hereafter be laid and constructed, upon which lot any business or residence building is or may hereafter be erected, not otherwise connected with a public sewer, may be required and compelled by the board of health to connect any such property with such sewer. Notice to so connect may be given by the board of health to the owner, lessee or occupant of such property. Each day's failure to comply with such notice and to connect with such sewer by such owner or owners, after ten days have elapsed after such notice has been given, shall be a misdemeanor and a separate offense and new offense under this section, and each offense shall be punishable by a fine of not less than five nor more than twenty-five dollars. Jurisdiction to hear, try and determine and sentence for violation of this section is vested in the police court of said city. If said owner or owners fail to comply with the notice to make such sewer connection, then the council may by ordinance order the work to be done at the expense of the city and the cost thereof to be certified to the clerk of the county court, and the same shall constitute a lien upon said property, with the same force and effect as taxes.

Sec. 49. The liens herein and hereinbefore provided, for street paving and sewerage assessments, shall constitute liens upon the real estate upon which they are assessed, as against creditors of the owners thereof or purchasers for value from, and without actual notice of such liens, only from and after the time that the statement thereof, certified as aforesaid, shall be filed for record in the office of the clerk of the county court for Mineral county.

Sec. 50. When the whole or any portion of the improvements authorized by this act pass through or by a market space, park, cemetery, structure for the fire department, water works, school building, infirmary, market house, work house, hospital, house of refuge, bridge, gas works, public prison, court house, church, or any other public ground within said city, and belonging to said city, or to the county, state or any church, association or eleemosynary institution, the council may authorize the assessment to be certified to the clerk of the county court of Mineral county and the same shall thereupon be recorded by said clerk in the proper deed book and shall thereupon become a lien against said property and collectable as other assessments are collected against individuals under this act. It shall be the duty of those persons having charge of the fiscal affairs of any such property or institution to make the proper arrangements for meeting such assessments, when due and payable.

Sec. 51. The city of Piedmont, by ordinance of the council, may borrow money in an amount equal to the amount of said liens herein acquired, for the purpose of paying any contract for paving or sewerage under this act, and may assign said liens as security for such loan or loans; but in no event shall the money so borrowed be expended for any other purpose than in the payment of the indebtedness owing by the city for such work; that is, liens for street paving can only be used by the city in borrowing money to pay for street paving, and liens for sewerage can only be used by the city in borrowing money to pay for sewers.

ARTICLE XXIX.

Bonded Indebtedness.

Sec. 52. The council of said city shall have the right to bond the said city for the purpose of paving the streets and alleys of said city and for constructing waterworks or repairing the same, and for constructing a sewerage system or repairing the same, and for the purpose of providing hose and other appliances for extinguishing fire, and for any and all public improvements whenever the council thereof shall deem such improvements necessary, and to refund outstanding bonds at a lower rate of interest, and to issue new bonds for the purpose of increasing the length of time on any such indebtedness; but the aggregate indebtedness of said city shall for all purposes not exceed five per centum on the assessed valuation of the taxable property therein, based on the valuation of the last assessment next preceding the date of the incurring of such indebtedness; and the said council shall by taxation provide a fund for the payment of the interest on any and all indebtedness incurred in the manner aforesaid within the period of thirty-four years. Such bonds shall not be sold for less than par nor exchanged for the evidence of indebtedness of said city except dollar for dollar. A record of all the proceedings had hereunder shall be kept by the council.

ARTICLE XXX.

Buildings for City Use, Etc.

Sec. 53. The council shall have the authority to erect, buy, sell and lease all buildings necessary to the use of the city government, or any of its departments, and to provide for and regulate the same; to establish and maintain public hospitals and receive donations, gifts or bequests for the same, in trust or otherwise.

ARTICLE XXXI.

Health.

Sec. 54. The council shall have the authority to ordain and enforce such regulations within said city as shall be necessary or proper to preserve the health of the inhabitants of said city, and to secure them from disease; to require and compel the abatement of and removal of all nuisances within said city at the expense of the person or persons causing the same, or of the owner or owners of the ground whereon the same shall be; to prevent or regulate slaughter houses within said city; or the exercise of any unhealthy or offensive business, trade or employment therein; to prevent the keeping of any stale meats, fish, vegetables or other matter, or depositing the same, or dirt, rubbish or offal, upon any lot, street, alley or square within said city or upon the banks of any streams within the limits thereof.

Sec. 55. The council shall have the power by ordinance to regulate the sale of cocaine, morphine, opium and poisonous drugs within said city, and to prescribe punishment, including fine and imprisonment, for the violation of any such ordinance, and to provide that one or more convictions for violating the same shall operate as a revocation of the license of any druggist or pharmacist holding a license under said city.

Sec. 56. The council shall, in the month of June, one thousand nine hundred and fourteen, and in said month of every year thereafter, appoint a suitable person, who shall be a practicing physician, as health commissioner, whose term of office shall be for one year and until his successor is appointed and qualified. The members of the council, mayor and health commissioner shall comprise the board of health of said city. The board of health shall have the power to abate all nuisances within said city, and it shall do and perform all such other duties and exercise such other powers as may be required of or conferred upon them by legal ordinances of said city. The council of said city shall provide by ordinances the way and method of trying and abating such nuisances, and shall prescribe all penalties that may be proper and necessary for such purpose. The board of health shall have the power to summon witnesses, hear testimony and to do any and all other things necessary and proper in the performance of such duties under this act and under the general laws of the state, in such cases made and provided.

ARTICLE XXXII.

Police Department.

Sec. 57. The mayor shall nominate a chief of police and such number of policemen as may be authorized by ordinance, from time to time, said nomination to be subject to confirmation by the council. Council shall prescribe by ordinance such mental and physical examinations for applicants for appointment to the police force as it shall deem proper. Policemen, when nominated and confirmed by the council, shall hold office during the will of the council. The term of chief of police shall be for one year. No person shall serve or exercise any of the duties of a police officer until he shall have been confirmed as such by the affirmative vote of a majority of all the members elected to the council, unless he has been appointed a special officer as hereinbefore provided for. Policemen may be removed and discharged at any time by the mayor for good cause, in which event he shall report such suspension, together with the reason therefor, to the council at its next meeting. The council shall consider such suspension and may veto such suspension and reinstate such policeman, or confirm the suspension for such period as they may fix. Provided, that the council shall have the power to suspend without pay the chief of police or any policeman against whom charges are preferred. If the chief of police or any police officer shall engage in any primary election, convention, or election in which any officer in this city, county or state is to be nominated or elected, in such a way as to become offensive or obnoxious to any class of law abiding citizens, he shall be immediately suspended by the mayor, and charges preferred and a trial had before the council, and upon a three-fifth vote of all the members he may be discharged. Any officer so dismissed shall not be eligible to re-appointment as a police officer.

ARTICLE XXXIII.

Fire Department.

Sec. 58. The fire department shall be under the supervision and subject to rules and regulations prescribed by the council.

ARTICLE XXXIV.

Concerning Bribes.

Sec. 59. No person, firm or corporation shall give or offer to give to any city officer, employee or agent, nor shall any city officer, employee or agent be permitted to accept, receive or solicit from any person, firm or corporation, any free pass or free transportation, or free gift of the same, for himself or any other person, or any railroad, street car or traction line, or any gift of water, light or heat, or any badge, ring or watch or other thing of value, from any person, firm or corporation having any franchise or contract from, under or with said city, or from any other officer, agent or employee of said city, or from any person whatsoever, who may in any way or manner be affected by the performance or non-performance of any official duty or obligation by such officer, employee, or agent of said city, and the acceptance or solicitation of anything herein forbidden shall be absolute ground of removal or dismissal from office by the council, in the case of an elective office, and by the appointing power in case of an appointive office.

The circuit court of Mineral county, upon petition of ten voters of said city, shall have like power of removal of all officers, employees and agents as given in this act to any city officer, in any way or manner.

ARTICLE XXXV.

Sec. 60. All officers, agents and employees of the city of Piedmont shall remain in and hold their offices and discharge the duties thereof until the first day of June, one thousand nine hundred and fourteen, and thereafter until their successors are qualified; and all existing officers not provided for by this act shall be abolished as of the first day of June, one thousand nine hundred and fourteen, except this section shall not apply to hold over councilmen, or councilmen elected on the second Monday of May, one thousand nine hundred and fourteen, who shall hold office until their successors are elected or appointed and qualified as provided in this act.

All valid ordinances and regulations passed and adopted by the council on or before the first day of June, one thousand nine hundred and fourteen, and not inconsistent with this act, shall be and remain in full force, unless and until repealed, and the council now in office shall continue to exercise its powers as such until their successors are elected and qualified.

Sec. 61. All acts in conflict or inconsistent with this act are to the extent of any such conflict hereby repealed.

City of Piedmont

52 Second Street
Piedmont, West Virginia 26750
(304) 355-2621

OATH OF COUNCILMAN

I, Wanda Gushes, do solemnly swear that I possess the qualifications by law, to hold the office of the City of Piedmont, West Virginia, and not subject to any of the disqualifications prescribed therein, and that I will support the Constitution of the United States and the Sonstitution of this State, and honestly discharge the duties of my office to the best of my skill and judgement, so help me God.

Wanda Gushes

Sworn to and subscribed before me this 12 day of June 2000.

Michael C. Francis
Mayor

City of Piedmont

52 Second Street
Piedmont, West Virginia 26750
(304) 355-2621

OATH OF COUNCILMAN

I, Robert Fike, do solemnly swear that I possess the qualifications by law, to hold the office of the City of Piedmont, West Virginia, and not subject to any of the disqualifications prescribed therein, and that I will support the Constitution of the United States and the Sonstitution of this State, and honestly discharge the duties of my office to the best of my skill and judgement, so help me God.

Robert K. Fike

Sworn to and subscribed before me this 28 day of May, 1997.

Kem R. Hornell
Mayor

City of Piedmont

52 Second Street
Piedmont, West Virginia 26750
(304) 355-2621

OATH OF COUNCILMAN

I, Linda L Butler, do solemnly swear that I possess the qualifications by law, to hold the office of the City of Piedmont, West Virginia, and not subject to any of the disqualifications prescribed therein, and that I will support the Constitution of the United States and the Sonstitution of this State, and honestly discharge the duties of my office to the best of my skill and judgement, so help me God.

Linda L. Butler

Sworn to and subscribed before me this 28 day of May, 1997.

Ken R. Bennett
Mayor

City of Piedmont

52 Second Street
Piedmont, West Virginia 26750
(304) 355-2621

OATH OF MAYOR

I, TONY FRANCIS, do solemnly swear that I possess the qualifications by law, to hold the Office of the City of Piedmont, West Virginia, and not subject to any of the disqualifications prescribed therein, and that I will support the Constitution of the United States and the Constitution of this State, and honestly discharge the duties of my office to the best of my skill and judgement, so help me God.

Mudge A. Ferrell

Sworn to and subscribed before me this 1 day of June, 1997.

Ken A. Hill

City of Piedmont

52 Second Street
Piedmont, West Virginia 26750
(304) 355-2621

OATH OF COUNCILMAN

I, Jeffrey McGehee, Sr., do solemnly swear that I possess the qualifications by law, to hold the Office of the City of Piedmont, West Virginia, and not subject to any of the disqualifications prescribed therein, and that I will support the Constitution of the United States and the Constitution of this State, and honestly discharge the duties of my office to the best of my skill and judgement, so help me God.

Jeffrey McGehee, Sr.

Sworn to and subscribed before me this 1 day of June, 1999.

Ken R. Hendry

City of Piedmont

52 Second Street
Piedmont, West Virginia 26750
(304) 355-2621

OATH OF COUNCILMAN

I, James Gilmore, do solemnly swear that I possess the qualifications by law, to hold the Office of the City of Piedmont, West Virginia, and not subject to any of the disqualifications prescribed therein, and that I will support the Constitution of the United States and the Constitution of this State, and honestly discharge the duties of my office to the best of my skill and judgement, so help me God.

James E. Gilmore

Sworn to and subscribed before me this 1 day of June, 1999.

Vern A. Kelly



*Public Service Commission
Of West Virginia*

301 Brooke Street, P. O. Box 812
Charleston, West Virginia 25322



Phone: (304) 360-0300
FAX: (304) 360-0325

October 19, 1999

Betty Jo Fazenbaker
City of Piedmont
52 Second Street
Piedmont, West Virginia 26750

Re: Municipal Ordinance (99-64w)
City of Piedmont

BY FIRST CLASS MAIL & FACSIMILE TRANSMISSION

Dear Ms. Fazenbaker:

I would like to thank you for the facsimile transmission received this morning concerning the City of Piedmont's municipal ordinance. I apologize that a timely response was not received to your August 16, 1999 correspondence; however, I can not find where your August 16, 1999 correspondence was received in the Legal Division. Nevertheless, I have reviewed your facsimile transmission and with the receipt of this information, I find that the ordinance in question has been properly adopted.

In the future, should the City adopt another ordinance, all correspondence concerning the ordinance's adoption should be forwarded to the Commission's Executive Secretary.

Again, I apologize for the delay and thank you for your cooperation. If no timely protest to the ordinance has been received by the Commission, the ordinance is effective September 9, 1999.

Sincerely,

Meiyishi Blair
MEYISHI BLAIR
WV BAR #360

cc: Richard E. Hitt, General Counsel
Sandy Squire
Cecelia G. Jarrell, Esq.

99.64w

(35)

WHEREAS, the present rates, fees, and charges impairs the ability of the City to carry out its obligations to the public, and

WHEREAS, an increase of rates is essential, to generate revenue necessary to finance the acquisition and construction of certain extensions, improvements and additions to the existing public water treatment and distribution facility, and

WHEREAS, such rates are required to be identified in the application for the West Virginia Public Service Commission's Certificate for Convenience and Necessity.

NOW, THEREFORE, THE CITY OF PIEDMONT HEREBY ORDAINS:

SECTION 1 SCHEDULE OF RATES

APPLICABILITY

Applicable in the entire territory served by the Piedmont Water System, before and after construction for the proposed expansion of upgrade water services and facilities.

AVAILABILITY

Available for residential, commercial, and industrial sales.

RATES

First 2,000 gallons used a month \$9.55 per thousand gallons.
 Next 13,000 gallons used a month \$4.05 per thousand gallons.
 Next 45,000 gallons used a month \$3.60 per thousand gallons,
 All over 60,000 gallons used a month \$2.55 per thousand gallons.

MINIMUM CHARGES

No monthly bill will be rendered for less than the following amounts according to the size of the meter installed and said minimum charge to also apply to multiple occupancy, to-wit:

5/8" x 3/4" Meter	\$19.10 per month
3/4" Meter	\$28.65 per month
1" Meter	\$47.75 per month
1 1/2" Meter	\$95.50 per month
2" Meter	\$152.80 per month
3" Meter	\$286.50 per month
4" Meter	\$477.50 per month
6" Meter	\$955.00 per month
8" Meter	\$1528.00 per month

(Minimum Monthly Bill \$19.10 for 2,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after bill date, water service to the customer will be discontinued after making a diligent effort to induce the customer to pay the same, and no disconnections will be effected until after at least ten (10) days written notice to the customer, all in accordance with the West Virginia Public Service Commission Rules and Regulations. Water service will not be restored until all past due bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

Service will not be restored until all amounts in arrears, including penalties and a reconnection charge fee of \$30.00 are paid in full.

Security Deposit

Each new customer shall deposit a \$25.00 security deposit, which shall be refunded to the customer upon proof of a good payment history to the City of Piedmont for water services, in accordance with the Rules and Regulations of the West Virginia Public Service Commission.

SECTION 2

The water rates provided herein, shall be deferred until substantial completion of the water project, or such time the West Virginia Public Service Commission shall deem necessary.

SECTION 3

All ordinances, resolutions and orders or parts hereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

SECTION 4

STATUTORY NOTICE AND PUBLIC HEARING: Upon first reading hereof, the Clerk shall publish a copy of the Ordinance as a Class I - O legal advertisement in **THE PIEDMONT HERALD** and the **MINERAL DAILY NEWS TRIBUNE**, being the newspapers of general circulation in the City of Piedmont, and said notice shall state that this Ordinance has been on a first reading and that any person interested, may appear before the Council upon a date certain, the day of the 2nd reading thereof, stated in such notice, which date shall be not less than five (5) days subsequent to the date of the publication of the Notice and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such actions as it shall deem proper in the premises.

First Reading:

July 12, 1999

Second Reading:

July 26, 1999

(37)

Passed by Council: "As Amended"

July 26, 1999

Effective Date of Ordinance:

September 9, 1999

ATTEST:

ClerkMichael A. Francis
Mayor

Resident Dale Clark appeared before the Council to voice his concerns about kids jumping on his vehicle around the park/playground area on Water Street and in the abandoned buildings.

The regular meeting was adjourned at 7:15 p.m. to go into executive session.

Following the executive session, Mayor Francis went back into public session.

Commissioner Fike made a motion that the City hire Chris Detrick on a six (6) month probation period. Commissioner Gilmore seconded the motion. After the question, the vote was taken. For: Commissioners; Butler, Gilmore, and Fike. Against: Nona. Commissioner McGoye abstained from the vote. Motion carried.

City ClerkMichael A. Francis
Mayor

August 9, 1999

The Mayor and Commissioners met in regular session on Monday, August 9, 1999 at 6:00 p.m.

Present: Mayor Francis, Commissioners Butler, Fike, Bradley, Gilmore and McGoye.

Also Present: Ken Dycbe, Region VIII, Officers Detrick, Rice, and Pritts, Rhonda Wertman, Mineral Daily News Tribune, and Marg Hood, The Piedmont Herald.

Absent: None

The meeting was called to order at 6:00 p.m. by Mayor Francis.

The minutes from the previous meeting were dispensed.

A citizen appeared before the Council to talk about his vehicle being towed. The Mayor spoke of the vehicle having had two tickets placed on it, as there were no tags on the vehicle. Discussion followed among the Mayor, Council, Police Department and the owners of the automobile.

According to the discussion that took place, the owners of the vehicle were quite upset that the tickets had been placed on the vehicle between 2:00 a.m. and 3:00 a.m. The owners were told by the officer that, when things become slow in the early hours of the morning, that is when he places tickets on violations of automobiles.

*Public Service Commission
Of West Virginia*

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
FAX: (304) 340-0325

October 21, 1999

RECEIVED
BY 10.25.99 DATE *EQF*

Betty Jo Fazenbaker
City of Piedmont
52 Second Street
Piedmont, West Virginia

Dear Ms. Fazenbaker:

Enclosed are three copies of the tariff P.S.C. W. Va. No. 8, reflecting increased rates and additional charges as passed by City Council to become effective upon substantial completion of the water project.

Please carefully review the tariff for accuracy. If correct, please have all copies signed and return all copies to my attention at the above address. One copy, stamped as received by the Public Service Commission, will be returned for your file when we are notified of substantial completion of the water project.

I can be contacted at (304) 340-0425, if you have any questions.

Sincerely,

Marcia B. Hill

Marcia B. Hill
Utilities Division

Enclosures

214

FILE COPY

P.S.C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

PIEDMONT MUNICIPAL WATER WORKS, a public utility
OF
PIEDMONT, WEST VIRGINIA
RATES, RULES AND REGULATIONS FOR FURNISHING
WATER

at Piedmont, Mineral County, West Virginia and vicinity

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

Issued October 21, 1998

Effective upon substantial completion of the water project
or as otherwise provided herein

Passed by City Council

Issued by Piedmont Municipal Water Works, a public utility

By Betty Jo Fagerstaker
City Clerk
Title

Piedmont Municipal Water Works

P.S.C. W.VA. Tariff No. 8
Original Sheet No. 1

RULES AND REGULATIONS

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

Piedmont Municipal Water Works

**P.S.C. W.VA. Tariff No. 8
Original Sheet No. 2**

(C) APPLICABILITY

Applicable in the entire territory served by the Piedmont Water System, before and after construction for the proposed expansion of upgrade water services and facilities.

(C) AVAILABILITY

Available for residential, commercial, and industrial sales.

(C,A) RATES

First	2,000 gallons used a month	\$9.55 per thousand gallons
Next	13,000 gallons used a month	\$4.05 per thousand gallons
Next	45,000 gallons used a month	\$3.60 per thousand gallons
All over	60,000 gallons used a month	\$2.55 per thousand gallons

(C,A) MINIMUM CHARGES

No monthly bill will be rendered for less than the following amounts according to the size of the meter installed and said minimum charge to also apply to multiple occupancy, to-wit:

5/8" x 3/4" Meter	\$ 19.10 per month
3/4" Meter	\$ 28.65 per month
1" Meter	\$ 47.75 per month
1 1/2" Meter	\$ 95.50 per month
2" Meter	\$ 152.80 per month
3" Meter	\$ 286.50 per month
4" Meter	\$ 477.50 per month
6" Meter	\$ 955.00 per month
8" Meter	\$1528.00 per month

(Minimum Monthly Bill \$19.10 for 2,000 gallons)

(C) DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after bill date, water service to the customer will be discontinued after making a diligent effort to induce the customer to pay the same, and no disconnection will be effected until after at least twenty-four (24) hours written notice to the customer, all in accordance with the West Virginia Public Service Commission Rules and Regulations. Water service will not be restored until all past due bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

- (C) Indicates change
- (A) Indicates increase

Piedmont Municipal Water Works

P.S.C. W.VA. Tariff No. 8
Original Sheet No. 3

(N) CONNECTION CHARGE
Prior to construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system

(N) RECONNECTION CHARGE
Service will not be restored until all amounts in arrears, including penalties and a reconnection charge fee of \$30.00 are paid in full.

(N) SECURITY DEPOSIT
Each new customer shall deposit a \$100.00 security deposit, which shall be refunded to the customer upon proof of a good payment history to the City of Piedmont for water services, in accordance with the Rules and Regulations of the West Virginia Public Service Commission.

(N) Indicates new



AN ORDINANCE ESTABLISHING AND FIXING NEW WATER SYSTEM RATES, FEES AND CHARGES FOR THE CITY OF PIEDMONT

WHEREAS, The City of Piedmont (the "City") owns and operates a municipal water system (the "System"); and is empowered by West Virginia Code Section 8-20-10 and Section 24-2-6b to institute reasonable rates and charges for its waterworks, and

WHEREAS, the City Council desires to establish rates, fees, and charges for the System which are just, reasonable, applied without unjust discrimination or preference and based primarily on the cost of providing these services, and

WHEREAS, it is deemed essential, convenient, and desirable for the health, welfare, safety, advantage, and convenience of all users, and

WHEREAS, it is considered necessary to allow growth, expansion and development for the City, and

WHEREAS, the present rates, fees, and charges impair the ability of the City to carry out its obligations to the public, and

WHEREAS, an increase of rates is essential, to generate revenue necessary to finance the acquisition and construction of certain extensions, improvements and additions to the existing public water treatment and distribution facility, and

WHEREAS, such rates are required to be identified in the application for the West Virginia Public Service Commission's Certificate for Convenience and Necessity.

NOW, THEREFORE, THE CITY OF PIEDMONT HEREBY ORDAINS:

SECTION I. SCHEDULE OF RATES

APPLICABILITY

Applicable in the entire territory served by the Piedmont Water System, before and after construction for the proposed expansion of upgrade water services and facilities.

AVAILABILITY

Available for residential, commercial, and industrial rates.

RATES

- First 2,000 gallons used a month \$9.55 per thousand gallons.
- Next 13,000 gallons used a month \$4.05 per thousand gallons.
- Next 43,000 gallons used a month \$3.60 per thousand gallons.
- All over 60,000 gallons used a month \$2.55 per thousand gallons.

MINIMUM CHARGES

No monthly bill will be rendered for less than the following amounts according to the size of the meter installed and said minimum charge also apply to multiple occupancy, to-wit:

3/8" x 3/4" Meter -	\$19.10 per month
3/4" Meter -	\$28.65 per month
1" Meter -	\$47.75 per month
1 1/2" Meter -	\$95.50 per month
2" Meter -	\$152.80 per month
3" Meter -	\$286.50 per month
4" Meter -	\$477.50 per month
6" Meter -	\$955.00 per month
8" Meter -	\$1,528.00 per month

(Minimum Monthly Bill \$ 19.10 for 2,000 gallons)

The above tariff is not. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the amount shown. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within sixty (60) days after bill date, water service to the customer will be discontinued after making a diligent effort to induce the customer to pay the same, and no disconnection will be effected until after at least twenty four (24) hours written notice to the customer, all in accordance with the West Virginia Public Service Commission Rules Regulations. Water service will not be restored until all past due bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Reconnection Charge

Prior to construction - \$100.00

After the start of construction, there shall be a charge of \$150.00 for connection to the system.

Reconnection Charges

Service will not be restored until all amounts in arrears, including penalties and a reconnection charge fee of \$30.00 are paid in full.

Security Deposit

Each new customer shall deposit a \$ 100.00 security deposit, which shall be refunded to the customer upon proof of a good payment history to the City of Piedmont for water services, in accordance with the Rules and Regulations of the West Virginia Public Service Commission.

SECTION 2.

The water rates provided herein shall be deferred until substantial completion of the water project, or such time the West Virginia Public Service Commission shall deem necessary.

SECTION 3.

All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

SECTION 4.

STATUTORY NOTICE AND PUBLIC HEARING: Upon the reading hereof, the Clerk shall publish a copy of the Ordinance in a Class 1 0 legal advertisement in THE PIEDMONT HERALD and the MINERAL DAILY NEWS TRIBUNE, being the newspapers of general circulation in the City of Piedmont, and said notice shall state that this Ordinance has been on a first reading and that any person interested may appear before the Council upon a date certain, the day of the 2nd reading thereof, stated in such notice, which date shall be not less than five (5) days subsequent to the date of the publication of the notice and present protest. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

First Reading: July 12, 1999

Second Reading: July 26, 1999

ATTEST: *[Signature]*

Clerk

Michael A. Frank

[Signature]

Legal Advertisement
150CSR10
Municipal Rate Change
Form No. 1
PUBLIC NOTICE OF
CHANGE IN RATES BY
MUNICIPALITIES

NOTICE is hereby given that City of Piedmont, a public utility, has adopted by ordinance on July 26, 1999, a tariff containing increased rates, tolls and charges for furnishing water service to 335 customers at Piedmont in the county(ies) of Mineral.

The proposed increased rates and charges will become effective when work is substantially completed, unless otherwise ordered by the Public Service Commission and will produce approximately \$86,118 annually in additional revenue, an increase of 97.63 percent. The average monthly bill for the various classes of customers will be changed as follows:

User Type: Minimum Residential (1); Dollar Increase: \$10.14; Percent Increase 113%. Use of 2,000 gallons or less a month.

User Type: Average Residential (2); Dollar Increase: \$15.52; Percent Increase 113%. Use of 4,500 gallons a month.

User Type: Commercial (3); Dollar Increase: \$57.16; Percent Increase: 144%. Use of 22,000 gallons a month.

User Type: Industrial (4); Dollar Increase: \$161.40; Percent Increase: 208%. Use of 62,000 gallons a month.

The increases shown are based on averages of all customers (residential, commercial and industrial) in the indicated classes. 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 Company to provide any information requested concerning it, is available to all customers, prospective customers or their agents at any of the following offices of the company.

Piedmont Municipal Building,
 52 Second Street, Piedmont, WVA
 26750.

A copy of the proposed rates is available for public inspection at the office of the Secretary of the PUBLIC SERVICE COMMISSION at 201 Brooks Street, Charleston, West Virginia.

(25)

July 12, 1999

The Mayor and Commissioners met in regular session on Monday, July 12, 1999, at 6:00 p.m.

Present: Mayor Francis, Commissioners, Butler, Bradley, Gilmore, Fike, and McGoye.

Absent: None

The meeting was called to order at 6:00 p.m. by Mayor Francis.

The minutes from the previous meeting were dispensed.

Chief Cassara presented the police report for June. On Thursday, July 15, 1999, a meeting will be held concerning the two (2) grants.

Officer Pritts stated that the department will be checking bicycle helmets and lights.

Commissioner Bradley inspected a rental at 291 West Fairview Street and it passed. He informed the Council that the Clerk's were working on the ordinances.

Commissioner Gilmore informed the Council that the City Crew was still working on water leaks at Savaga.

Commissioner McGoye stated that the City should go to voluntary water restrictions in light of the current drought conditions.

Commissioner Fike informed the Council that all households need to purchase a garbage card, and persons should not be sharing one (1) card. Letters will be sent to those persons who are in violation.

On a motion made by Commissioner Fike, seconded by Commissioner Bradley and passing unanimously, the City of Piedmont accepted \$6,225.00 from the Drug & Violent Crime Control Grant for computer equipment and software related to incident-based reporting.

On a motion made by Commissioner Butler, seconded by Commissioner Fike and passing unanimously, the City of Piedmont accepted \$2,625.00 from the Drug and Violent Crime Control Grant to provide for training and miscellaneous expenses associated with a K-9 unit.

Mayor Francis stated that he would like to set up a meeting between Dave Vanscoy, City Engineer, Steve Kyle, and "Skip" Clifford concerning the pump station on Murphy Street.

Commissioner McGoye informed the Council that the City Crew is in need of another portable radio. Commissioner McGoye asked the Mayor if he had the extra radio that was turned in by former Mayor Hamilton. Mayor Francis stated that he had the radio and would give it to the Town Foreman.

City Clerk, Betty Jo Fazenbaker, stated that she would like to thank the residents for their patience since they were late getting the water bills out.

William Fradlock appeared before the Council concerning a bill due to Green Acres. The Mayor will handle this situation.

On a motion made by Commissioner McGoye, seconded by Commissioner Bradley and passing

unanimously, a burning ban is now in effect for the City of Piedmont.

The first reading of Ordinance 30-A-1 Establishing and Fixing New Water System Rates, Fees, and Charges for the City of Piedmont, was held. Commissioner Butler made a motion that the first reading of the new water system rates, etc. be approved. Commissioner Gilmore seconded the motion. After the question, the vote was taken.

For: Commissioner Butler, Bradley, Gilmore, Fike, and McGoye.

Against: None.

Motion carried.

**ORDINANCE
30-A-1**

AN ORDINANCE ESTABLISHING AND FIXING NEW WATER SYSTEM RATES, FEES AND CHARGES FOR THE CITY OF PIEDMONT

WHEREAS, The City of Piedmont (the "City") owns and operates a municipal water system (the "System"); and is empowered by West Virginia Code Section 8-20-10 and Section 24-2-4b to institute reasonable rates and charges for its waterworks, and

WHEREAS, The City Council desires to establish rates, fees, and charges for the System which are just, reasonable, applied without unjust discrimination or preference and based primarily on the cost of providing these services, and

WHEREAS, it is deemed essential, convenient and desirable for the health, welfare, safety, advantage, and convenience of all users, and

WHEREAS, it is considered necessary to allow growth, extensions and development for the City, and

WHEREAS, the present rates, fees, and charges impairs the ability of the City to carry out its obligations to the public, and

WHEREAS, an increase of rates is essential, to generate revenue necessary to finance the acquisition and construction of certain extensions, improvements and additions to the existing public water treatment and distribution facility, and

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SECTION 2

The water rates provided herein, shall be deferred until substantial completion of the water project, or such time the West Virginia Public Service Commission shall deem necessary.

SECTION 3

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SECTION 4

STATUTORY NOTICE AND PUBLIC HEARING: Upon first reading hereof, the Clerk shall publish a copy of the Ordinance as a Class I - 0 legal advertisement in THE PIEDMONT HERALD and the MINERAL DAILY NEWS TRIBUNE, being the newspapers of general circulation in the City of Piedmont, and said notice shall state that this Ordinance has been on a first reading and that any person interested, may appear before the Council upon a date certain, the day of the 2nd reading thereof, stated in such notice, which date shall be not less than five (5) days subsequent to the date of the publication of the Notice and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such actions as it shall deem proper in the premises.

First Reading: _____

Second Reading: _____

Passed by Council: _____

Effective Date of Ordinance: _____

ATTEST:

City Clerk

Michael C. Francis

Mayor

On a motion made by Commissioner Gilmore, seconded by Commissioner Bradley, and passing unanimously, the meeting was adjourned to go into executive session at 7:10 p.m.



NOTICE OF PUBLIC
HEARING OF THE
CITY OF PIEDMONT
BOND ORDINANCE

I, as an officer of the News-Tribune, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Notice of Public

Hearing

in the case of City of Piedmont

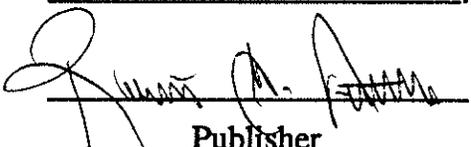
Bond Ordinance

vs. _____

a copy whereof is hereto annexed has been published for 2 consecutive weeks

in said NEWS TRIBUNE, the first publication being on the 28th day of February 2001

Given under my hand at Keyser this 7th day of February 2001



Publisher

Publisher's Fee
\$ 64.68

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Piedmont (the "City") to be held on March 12, 2001, at 6:00 p.m. at the City Hall, 52 Second Street, Piedmont, 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 certain additions, betterments and improvements to the existing public waterworks facilities of the City of Piedmont, and the financing of the cost, not otherwise provided thereof, through the issuance by the City of not more than \$950,000 in aggregate principal amount of water revenue bonds, Series 2001 A (United States Department of Agriculture) and not more than \$350,000 in aggregate principal amount of water revenue bonds, Series 2001 B (United States Department of Agriculture); defining and prescribing the terms and provisions of the bonds; providing generally for the rights and remedies of and security for the holder of the bonds; and providing when this ordinance shall take effect.

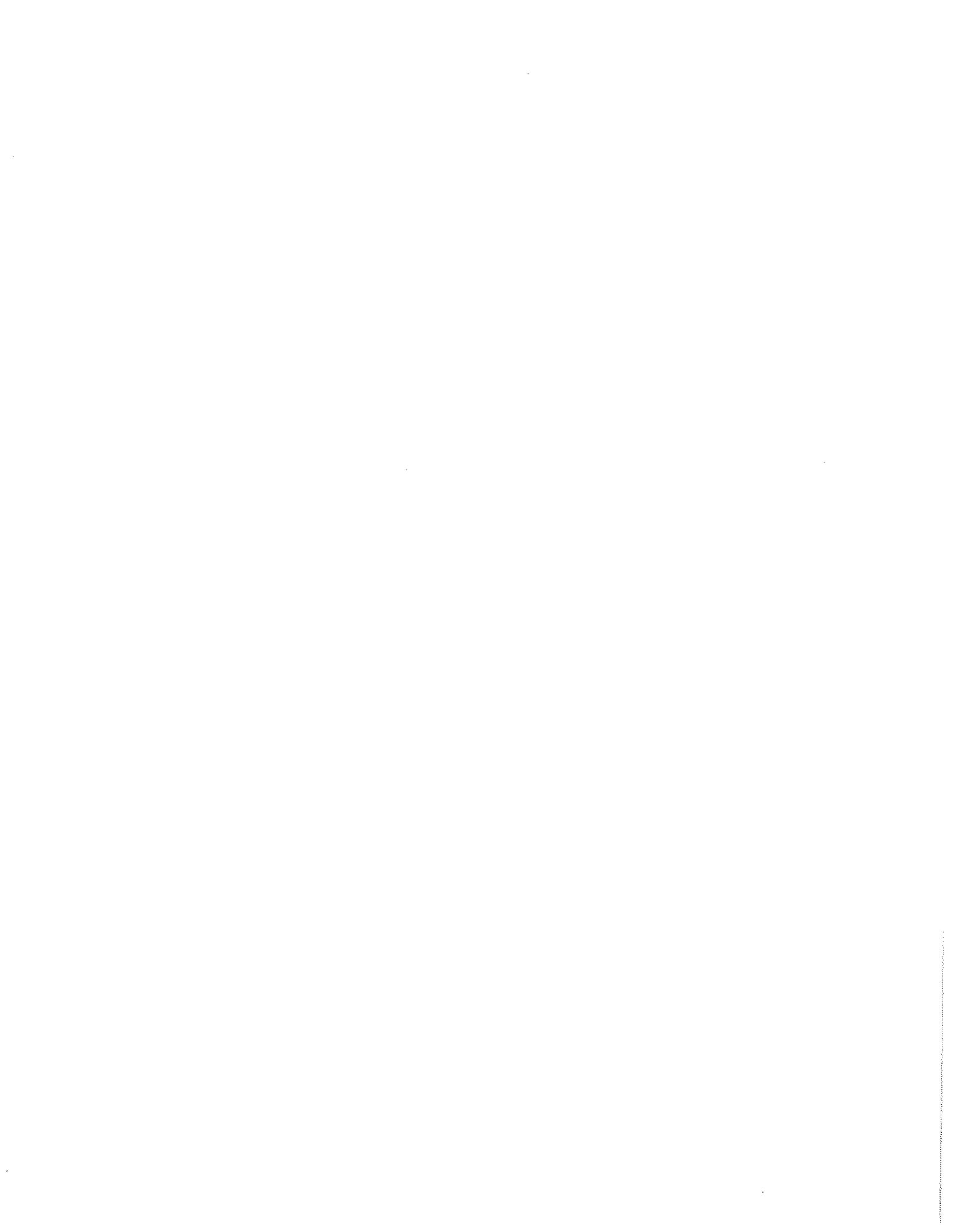
The above-entitled Ordinance was adopted by the Council of the City on February 27, 2001.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to provide financing of a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public waterworks system of the City. The Bonds are payable solely from revenues derived from the operation of the waterworks system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Clerk of the City for review by interested parties during regular office hours.

Following said public hearing, the Council intends to enact said Ordinance upon final reading.

Dated: February 28, 2001.
Deborah Gaudet



February 20, 2001

The Mayor and Commissioners of the City Of Piedmont met in special session on Tuesday, February 20, 2001.

Present: Mayor Francis, Commissioners Linda Butler, Bruce Fisher and James Gilmore.

Also Present: Deborah Gaudet, City Clerk, Gloria Pyra, Budget S. David Vanscoy, Council K. Mike Vowen, K.H. & K. Jim Carskadon, City Attorney.

On February 16, 2001 notification of the Special Meeting was posted on the front door of the city building. The notification explained the purpose of the meeting, to consider and adopt upon first reading a proposed Bond Ordinance, authorizing its Water System Bonds. The notice also stated that the meeting was open to the press and public and that any person interested may attend.

Mayor Francis called the special meeting to order at 6:00 p.m. stating that the purpose of the meeting, which was being held, was for the first reading of the proposed Bond Ordinance.

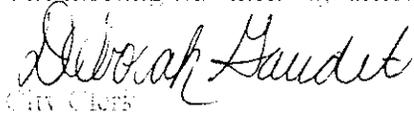
Dave Vanscoy explained that John Stump of Stenton & Johnson could not be present and he and Attorney Jim Carskadon had received the ordinance by e-mail that afternoon. Attorney Carskadon then gave the first reading of the Bond Ordinance.

Attorney Jim Carskadon read the ordinance. The motion was made to accept the ordinance as read by Commissioner Butler and seconded by Commissioner Fisher, the first reading was passed unanimously.

Mayor Francis asked if he could have a motion to award at bid price the contracts to Holly Brothers of Gallipolis, Ohio. Contract I - Water Improvement Project in the amount \$1,616,156, Contract II - Water Treatment Plant in the amount \$358,899. A motion was made by Commissioner Gilmore and seconded by Commissioner Butler, the motion was passed unanimously.

Mr. Vanscoy again went over the fact that customers should install pressure-reducing tanks in their homes. The tanks cost about 30 to 40 dollars and are installed on the hot water line. Vanscoy said he would draft a letter that should be sent to every home with explaining the potential problem.

The meeting was then adjourned.


City Clerk


Mayor

CITY OF PIEDMONTNOTICE OF SPECIAL MEETING

The City Council of the City of Piedmont will meet in special session on Tuesday, February 20, 2001, at 6:00 p.m., prevailing time, in the Piedmont City Hall, Piedmont, West Virginia, to consider and adopt upon first reading a proposed Bond Ordinance, authorizing its Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), in an amount not to exceed \$950,000, and its Water Revenue Bonds, Series 2001 B (United States Department of Agriculture), in an amount not to exceed \$350,000, to pay the costs of acquisition and construction of additions, betterments and improvements to the existing waterworks system of the City. This meeting is open to the press and public and any person interested may attend such meeting.



City Clerk

Date: February 16, 2001.

02/16/01
704210/99001

CL550177.1

February 23, 2001

The Mayor and Commissioners of the City Of Piedmont met in special session on Tuesday, February 20, 2001.

Present: Mayor Francis, Commissioners Linda Butler, Bob Pike, Freda Fisher and Council "Bibbie" Gilmore, Jeff McGoye

Also Present: Deborah Jendel, City Clerk, Mike Mower, R.K. R.K., Jim Carskadon, City Attorney, Marcus Clay, City Foreman, Carcer Gary Rice, Mr. Earne Miller

On February 23, 2001 notification of the Special Meeting was posted on the front door of the city building. The notification explained the purpose of the meeting, to consider and adopt upon second reading a proposed Bond Ordinance, authorizing its Water Revenue Bonds. The notice also stated that the meeting was open to the press and public and that any person interested may attend.

Mayor Francis called the special meeting to order at 6:10 a.m. stating that the purpose of the meeting, which was being held, was for the second reading of the proposed Bond Ordinance.

Attorney, Jim Carskadon read the ordinance. The motion was made to accept the ordinance as read by Commissioner Butler and seconded by Commissioner Gilmore, the second reading was passed unanimously.

Alike Mower, R.K. R.K. reported to the council that on March 13, 2001 at 7:00 a.m. we would have the pre-closing with R.F.S. and at 2:00 p.m. would be the pre-construction Meeting, with the contractors. The start of the project is set to start on March 19th with completion scheduled for the end of August or the first of September, stating that with three crews working they should be able to complete a couple hundred feet a day.

Commissioner Butler reported on the meeting she attended in Sawyer on February 22nd, saying that she felt positive things would come of it mentioning that a task force may be in the future. Another meeting is scheduled for March 30th at 3:00.

Mr. Earne Miller addressed the council stating that he was interested in helping Piedmont with the "dog problem". Commissioner Pike read a list of provisions and the cost of supplies that would go along with the job. Mr. Miller said that he was here to volunteer to do whatever was needed to help and that he would use his own vehicle. Commissioner Butler suggested that they approach the County Commission for assistance in purchasing the needed supplies, that the County was doing their budget during the month of March and this might be a good time to appeal.

Commissioner Butler made the motion to adjourn the meeting, seconded by Commissioner Fisher.

The meeting was then adjourned.

Deborah Gaudin
City Clerk

Muriel A. Francis
Mayor

CITY OF PIEDMONT
NOTICE OF SPECIAL MEETING

The City Council of the City of Piedmont will meet in special session on Tuesday, February 27, 2001, at 6:00 p.m., prevailing time, in the Piedmont City Hall, Piedmont, West Virginia, to consider and adopt upon second reading a proposed Bond Ordinance, authorizing its Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), in an amount not to exceed \$950,000, and its Water Revenue Bonds, Series 2001 B (United States Department of Agriculture), in an amount not to exceed \$350,000, to pay the costs of acquisition and construction of additions, betterments and improvements to the existing waterworks system of the City. This meeting is open to the press and public and any person interested may attend such meeting.



City Clerk

Date: February 23, 2001.

02/16/01
704210/99001

CL667318.1

CITY OF PIEDMONT

Water Revenue Bonds, Series 2001 A and Series 2001 B
(United States Department of Agriculture)

MINUTES ON ADOPTION AND ENACTMENT OF BOND ORDINANCE
(THIRD READING FOLLOWING PUBLIC HEARING)

I, Deborah Gaudet, City Clerk of the City of Piedmont (the "City"), hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the City:

* * *

* * *

* * *

The Council of the City met in regular session, pursuant to notice duly given, on the 12th day of March, 2001, in Piedmont, West Virginia, at the hour of 6:00 p.m.

PRESENT: Michael A. Francis	-	Mayor
Linda Butler	-	Councilmember
Robert Fike	-	Councilmember
Freda Fisher	-	Councilmember
James "Ebbie" Gilmore	-	Councilmember
Keff McGoye	-	Councilmember

ABSENT:

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it. He stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE CITY OF PIEDMONT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$950,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$350,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

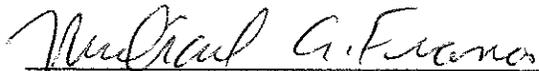
Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be finally enacted and put into effect immediately.

* * *

* * *

* * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.



Mayor

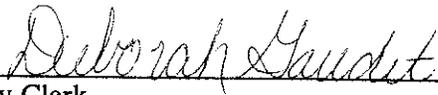
* * *

* * *

* * *

I further hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 15th day of March, 2001.



City Clerk

03/09/01
704210/99001



WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 15, 2001

ISSUE: City of Piedmont, Water Revenue Bonds, Series 2001 A (United States Department of Agriculture)

ADDRESS: 52 Second Street, Piedmont, WV 26750 COUNTY: Mineral

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 15, 2001 CLOSING DATE: March 15, 2001

ISSUE AMOUNT: \$950,000 RATE: 4.5%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND

COUNSEL: Step toe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: First United Bank & Trust
Contact Person: Woodrow C. Wilson
Phone: (304)355-2313

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Michael A. Francis
Position: Mayor
Phone: (304) 355-2621

OTHER: United States Department of Agriculture
Contact Person: L. Craig Burns
Function: Rural Development Specialist
Phone: (304)252-8644

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____ Accrued Interest: \$ _____
_____ Check _____ Capitalized Interest: \$ _____
_____ Reserve Account: \$ _____
_____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2001 A Bonds Reserve Account. Payments to the Series 2001 A Bonds Reserve Account will commence upon completion of construction of the Project.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

03/12/01
002540.99001

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 15, 2001

ISSUE: City of Piedmont, Water Revenue Bonds, Series 2001 B (United States Department of Agriculture)

ADDRESS: 52 Second Street, Piedmont, WV 26750 COUNTY: Mineral

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 15, 2001 CLOSING DATE: March 15, 2001

ISSUE AMOUNT: \$350,000 RATE: 4.5%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND

COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: First United Bank & Trust
Contact Person: Woodrow C. Wilson
Phone: (304) 355-2313

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Michael A. Francis
Position: Mayor
Phone: (304) 355-2621

OTHER: United States Department of Agriculture
Contact Person: L. Craig Burns
Function: Rural Development Specialist
Phone: (304)252-8644

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire _____
_____ Check _____
_____ IGT _____
To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2001 B Bonds Reserve Account. Payments to the Series 2001 B Bonds Reserve Account will commence upon completion of construction of the Project.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

10/26/00
002540.99001



*RUS
Piedmont
Water*

March 24, 1997

The Honorable Vernon R. Hamilton
Mayor, City of Piedmont
52 Second Street
Piedmont, WV 26750

COPY

Dear Mayor Hamilton:

This letter, with attachments 1 through 12 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Any changes not approved by RUS shall be cause for discontinuing processing of the application.

The Rural Utilities Service Water and Waste Disposal Loan and Grant Program is administered by USDA - Rural Development, formerly known as the Farmers Home Administration.

This letter is not to be considered as loan approval or as representation to the availability of funds. The docket may be completed on the basis of an RUS loan not to exceed \$950,000 and other funding in the amount of \$1,250,000, for a total project cost of \$2,200,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant Program.

If the loan is made, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form FmHA 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to RUS as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 calendar days before loan closing.

19A

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Final Project Planning Factors
(All Copies)
- Attachment No. 2 - City of Piedmont Loan Docket
Table of Contents (All Copies)
- Attachment No. 3 - FmHA Instruction 1942-A, Section 1942.17
(Applicant Copy)
- Attachment No. 4 - FmHA Instruction 1942-A, Section 1942.18
(Engineer Copy)
- Attachment No. 5 - FmHA Instruction 1942-A, Section 1942.19
(Attorney and Bond Counsel Copies)
- Attachment No. 6 - FmHA Supplemental General Conditions
(Engineer Copy)
- Attachment No. 7 - Standards for Audit of Governmental
Organizations, Programs, Activities and Functions
(Accountant's Copy)
- Attachment No. 8 - U.S. Department of Agriculture Farmers
Home Administration Audit Program, December 1989
(Accountant's Copy)
- Attachment No. 9 - City of Piedmont Water Users Agreement
(Applicant and Attorney Copies)
- Attachment No. 10 - Declination Statement (Applicant and
Attorney Copies)
- Attachment No. 11 - Sample Credit Agreement (Applicant and
Attorney Copies)
- Attachment No. 12 - Various other FmHA Forms as identified
on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.5% interest rate and a monthly amortization factor of .00459, which provides for a monthly payment of \$4,361. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service

reserve account in an amount equal to at least 1/10th of your monthly debt service payment.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and the lender (RUS) as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in Form FmHA 1942-47 which is mentioned later.
3. Users - This conditional commitment is based upon your providing evidence that you will have at least 357 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of signed users agreements and a certification from you that identifies and attests to the number of users that are actually connected to and using the City's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a users contribution of \$100. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a service declination statement. Guide 3, FmHA Instruction 1942-A, "Service Declination Statement," a copy of which is enclosed, must be used. If a potential user refuses to sign either a users agreement or a declination statement, the individual making the contact for the City should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service.

Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed users agreements, (3) signed service declination statements, (4) records evidencing users' contributions having been paid, (5) a map locating each potential user's property in the new service area and identifying it by number, (6) a list of all signed bona fide users numbered with corresponding numbers so as to be a cross-reference with the map required by (5) above and, (7) a list of all declination statements numbered with corresponding numbers so as to be a cross-reference with the map required by (5) above.

RUS's loan commitment is based on the City providing service to seven large volume users. Evidence must be provided to show those seven large volume users will actually be connected to the system when it is completed and that the monthly water usage projected by the engineer for those seven users is reasonable. In the event any of those large volume users refuse the offered service, the City must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O & M, etc.) to make up the projected income that would be lost by not having those users on the system.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Section 1942.19 of FmHA Instruction 1942-A. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Professional Services - You must obtain the services of an attorney and an engineer. For your convenience, Form RD 1942-19, "Agreement for Engineering Services" and Guide 14, "Legal Services Agreement" are attached for your use. Attachment No. 1 includes the cost of these services for planning purposes.
6. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

- b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form FmHA 1927-9, "Preliminary Title Opinion," may be used. Also, in the case of existing systems or where the City has already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A copy of the right-of-way easements for any rights-of-way needed on private lands. Form RD 442-20, "Right-of-Way Easement," may be used. Each easement need not be provided this office; however, each must be available for review. A copy of the easement being used must be provided.
 - e. A certification and legal opinion relative to title to rights-of-way and easements. Form FmHA 442-21, "Right-of-Way Certificate," and Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. These forms may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, new Forms, FmHA 442-21 and RD 442-22, must be provided which do not provide for any exceptions.
 - f. On the day of loan closing, the City's attorney must furnish final title opinions on all land(s) being acquired. Form FmHA 1927-10, "Final Title Opinion" may be used. In the case of existing systems or where the City has already acquired real property(s) (land or facilities), the City's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
7. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection (formerly DNR)
 - Public Land Corporation

8. Public Service Commission Approvals and Rates - You must determine that the Certificate of Convenience and Necessity which you now have from the Public Service Commission of West Virginia is adequate to cover the entire area to be served by the proposed system. If it is not adequate, a new certificate must be obtained and a copy provided for RUS. If it is determined the City's present certificate is adequate, written evidence of that fact must be provided RUS. The City must properly develop, adopt, and promulgate the required rates in accordance with the applicable provisions of Article I, Chapter 24 of the Code of West Virginia, as amended, to the satisfaction of your bond counsel. The rate ordinance as adopted must include, as a minimum, all the rate related items (everything except project costs section, the use analysis section, and the operation and maintenance expense breakdown section) contained in the attached project planning factors (Attachment No. 1). The draft rate ordinance must be provided for RUS review and concurrence prior to its adoption.
9. Accounting - You must obtain the services of a qualified accountant. That accountant must agree (by letter) to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42).
 - b. Prior to advertisement for bids, your accountant must state in writing that he will establish your accounts and records in accordance with the requirements of the ordinance, and the requirements of the Public Service Commission within 20 days from the notice to do such.
 - c. Prior to the start of construction, the accountant must certify that the accounts and records as required in (b) above have been established and are operational.

A representative of my office will review your accounts and records prior to authorizing the issuance of award(s) to the contractor(s). FmHA regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements for your City. The attached booklet, "Standards for Audit of Governmental Organizations, Programs, Activities and Functions," (Attachment No. 7) and "U. S. Department of Agriculture Farmers Home Administration Audit Program," (December 1989) (Attachment No. 8) outlines audit requirements. You are reminded that certain provisions of Office and Management and Budget Circular A-128 are applicable to any public body that received \$100,000 or more in federal funds in any one year. You must enter into an agreement annually with an accountant (or the State Tax Commission) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia.

Audit Reports must be prepared to comply with the requirements of OMB Circular A-128.

10. Insurance and Bonding Requirements:

a. Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000-\$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- (2) Workers' Compensation - In accordance with appropriate State laws.
- (3) Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). Form FmHA 440-24, "Position Fidelity Bond," may be used.
- (4) National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - (a) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (b) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

- (5) Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

11. You are, have been or may be approved to become, a recipient of Federal financial assistance from the United States Department of Agriculture. In the case of Paralyzed Veterans of America, et al, Plaintiff, V. William French Smith, et al, Defendants, United States District Court, Central District of California, No. 79-1979 WPG, the Honorable William P. Gray ordered the United States Department of Agriculture to notify you that as a recipient of such assistance you are required to comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Sec. 794), even though the United States Department of Agriculture has not yet issued final regulations implementing Section 504 of the Rehabilitation Act.

Section 504 of the Rehabilitation Act is designed to assure that those who receive Federal financial assistance will not discriminate against handicapped persons. It provides in relevant part as follows:

"No otherwise qualified handicapped individual in the United States. . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Effective June 3, 1977, the Department of Health and Human Services issued final regulations implementing Section 504 as it applies to recipients of Federal financial assistance from that agency (45 C.F.R. Part 84). You may look to the HHS regulation for guidance as to your obligation under Section 504 of the Rehabilitation Act.

12. Contract Documents, Final Plans and Specifications:
 - a. The contract documents should consist of the following:
 - (1) FmHA Instruction 1942-A, Guide 19, "Agreement," and Attachments 1-9 (Attachment No. 4) or other agreement approved by RUS.
 - (2) FmHA Supplemental General Conditions (Guide 18, 4-6-92 Revised WV). One copy of this item is attached hereto (Attachment No. 6). Additional copies must be reproduced by the engineer.

- b. The Contract documents must provide, as a minimum, the following insurance:
- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000-\$200,000. (This coverage must include indemnification of the City and its engineer.) FmHA Guide 18 suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. The enclosed Sample Credit Agreement (Attachment No. 11) is an acceptable agreement and may be used.
14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover RUS's proportionate share of any disbursements required of your City, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The City must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
15. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other"

grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.

- 16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

- Form FmHA 442-7 - "Operating Budget"
- Form FmHA 1940-1 - "Request for Obligation of Funds"
- Form FmHA 1942-47 - "Loan Resolution -- (Public Bodies)"
- Form FmHA 400-1 - "Equal Opportunity Agreement"
- Form FmHA 400-4 - "Assurance Agreement"
- Form AD 1047 - "Certification Regarding Debarment - Primary"
- Form FmHA 1910-11 - "Applicant Certification, Federal Collection Policies"
- FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
- Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)

- 17. The enclosed Loan Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

- 18. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

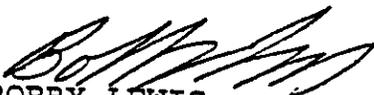
In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of Water and Waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form FmHA 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,


BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and Waste
Disposal Division
Washington, DC

Rural Development Specialist
Elkins, WV

Roth and White
Certified Public Accountants
Kingwood, WV

William R. Kuykendell
Attorney at Law
Keyser, WV

(Bond Counsel)

Vanscoy Engineering
Keyser, WV

Project Planning Factors

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of RUS:

<u>Project Costs</u>	<u>SCB Grant</u>	<u>RUS Loan</u>	<u>Total</u>
Construction	\$990,000	\$710,000	\$1,700,000
Construction Contg	60,000	42,000	102,000
Land and Rights	3,000	2,000	5,000
Legal and Admin Fees	51,000	4,000	55,000
Engineering Fees	119,000	86,000	205,000
Basic \$100,000			
Insp. 90,000			
Spec. 15,000			
Bond Counsel	7,000	6,000	13,000
Interest	-0-	85,000	85,000
Proj. Contg.	20,000	15,000	35,000
TOTALS	\$1,250,000	\$950,000	\$2,200,000

Rates

Minimum Charge

Available for general domestic, commercial and industrial service.

No bill shall be rendered for less than the following amounts according to the size of meter installed.

First 2,000 gals.	@ \$ 6.63 per M gals.
Next 3,000 gals.	@ \$ 2.81 per M gals.
Next 10,000 gals.	@ \$ 2.49 per M gals.
Next 20,000 gals.	@ \$ 1.76 per M gals.
Next 25,000 gals.	@ \$ 1.23 per M gals.
Over 60,000 gals.	@ \$ 1.07 per M gals.
5/8" x 3/4" meter	- \$ 13.26 per month
3/4" meter	- \$ 19.89 per month
1" meter	- \$ 33.15 per month
1 1/2" meter	- \$ 66.30 per month
2" meter	- \$ 106.08 per month
3" meter	- \$ 198.90 per month
4" meter	- \$ 331.50 per month
6" meter	- \$ 663.00 per month
8" meter	- \$1,060.80 per month

(Minimum Monthly Bill \$13.26 for 2,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge - \$20.00

Use and Income Analysis

104 users @	2,000 gallons @	\$ 13.26 per user	= \$1,379.04 monthly
88 users @	3,000 gallons @	\$ 16.07 per user	= \$1,414.16 monthly
36 users @	4,500 gallons @	\$ 20.29 per user	= \$ 730.44 monthly
37 users @	5,500 gallons @	\$ 22.94 per user	= \$ 848.78 monthly
20 users @	6,000 gallons @	\$ 24.18 per user	= \$ 483.60 monthly
21 users @	7,500 gallons @	\$ 27.92 per user	= \$ 586.32 monthly
7 users @	8,500 gallons @	\$ 30.41 per user	= \$ 212.87 monthly
9 users @	9,500 gallons @	\$ 32.90 per user	= \$ 296.10 monthly
5 users @	10,500 gallons @	\$ 35.39 per user	= \$ 176.95 monthly
3 users @	11,000 gallons @	\$ 36.63 per user	= \$ 109.89 monthly
4 users @	12,000 gallons @	\$ 39.12 per user	= \$ 156.48 monthly
2 users @	13,500 gallons @	\$ 42.86 per user	= \$ 85.72 monthly
2 users @	15,500 gallons @	\$ 47.47 per user	= \$ 94.94 monthly
3 users @	18,000 gallons @	\$ 51.87 per user	= \$ 155.61 monthly
2 users @	19,000 gallons @	\$ 53.63 per user	= \$ 107.26 monthly
1 users @	21,000 gallons @	\$ 57.15 per user	= \$ 57.15 monthly
3 users @	23,000 gallons @	\$ 60.67 per user	= \$ 182.01 monthly
1 users @	24,500 gallons @	\$ 63.31 per user	= \$ 63.31 monthly
1 users @	27,000 gallons @	\$ 67.71 per user	= \$ 67.71 monthly
1 users @	30,000 gallons @	\$ 72.99 per user	= \$ 72.99 monthly
1 users @	47,000 gallons @	\$ 96.55 per user	= \$ 96.55 monthly
1 users @	58,000 gallons @	\$ 110.08 per user	= \$ 110.08 monthly
1 users @	59,000 gallons @	\$ 111.31 per user	= \$ 111.31 monthly
1 users @	64,000 gallons @	\$ 116.82 per user	= \$ 116.82 monthly
1 users @	67,000 gallons @	\$ 120.03 per user	= \$ 120.03 monthly
1 users @	98,000 gallons @	\$ 153.20 per user	= \$ 153.20 monthly
1 users @	117,000 gallons @	\$ 173.53 per user	= \$ 173.53 monthly

357 Total Users

\$8,162.85 Monthly Revenue x 12 = \$97,954.20 Annual Revenue

Budget

Income		\$97,954.20
Expenses		
O & M	\$40,000	
*Debt Service	52,332	
**Reserve	5,233	
		\$97,565.00
Balance and Depreciation		\$ 389.20

Operating and Maintenance Expenses

Salaries and Wages		\$20,400
Outside Services		500
Pumping Expense		4,200
Chemicals		4,700
Repairs		3,400
Transportation		1,600
Supplies and Expenses		4,800
Office Supplies and Expenses		400
TOTAL		----- \$40,000

*Existing D/S - N/A
Proposed D/S - \$52,332
Total - \$52,332

** Existing D/S Reserve - N/A
Proposed D/S Reserve - \$5,233
Total - \$5,233

Proposed D/S = $\$950,000 \times .00459 = \$4,361/\text{mo.} \times 12 = \$52,332$

UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Table of Contents
 Loan and Grant
 Water and Sewer Systems

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
SF 424	Application for Federal Assistance	0 & 2	1942.2 (a) (1)	App.		Have	3
	Regional Planning & Development Council Review	2	1942.2 (a) (1)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1942.2 (a) (1)	App.		Have	3
Guide 7/8	Preliminary Engr. Report	2	1942.18 (c)	Engr.		Have	6
	Audit for last year of operation	1	1942.17 (h)	App./Att.		Have	1
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.			5
	Organizational Documents	1	1942.17 (b) (4)	App./Att.			5
1940-20	Request for Env. Info.	2	1942.17 (j) (7)	App./Eng.		Have	3
	Env. Assessment for Class II Actions (Exhibit H, 1940-G)	2	1942.17 (j) (7)	RUS		Have	3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Legal Services Agreement		Guide 14 1942.17 (1) (1)	App./Engr.			5
	Documentation on Service Area	1	1942.5 (a)	RUS		Have	3
	Written Certification from Applicant that "Other" credit is <u>NOT</u> available	2	1942.17 (b) (3)	App.		Have	3
	RUS determin. on the availability of other credit	2	1942.17 (b) (3)	RUS		Have	3
	Documentation from lender(s) regarding the availability of other credit	2	1942.17 (b) (3)	RUS		Have	3
	Documentation on Historical and Archaeological Assessments	2	1901-F 1901.255 (2)	RUS			3
	Copy of Certification of Publication and related Environmental Information	2	1940-G 1940.331 (c)	App.			3
	Project Planning Factors	4	S/Office	RUS		Have	3
	Finding of No Significant Impact (FONSI)	2	1940-G 1940.314	RUS		Have	3
	Evidence of Public Meeting Minutes	2	1942.17 (j) (9)	App.			3
AD 622	Notice of Preapplication Review	0 & 3	1942.17 (m) (4)	RUS		Have	3

Handwritten notes:
 1942.17
 (b) (3)
 1942.17
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 1942.17
 (b) (3)

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
SF 424	Application for Federal Assistance	0 & 1	1942.17 (m) (5)	App.		Have	3
FmHA Inst. 1940-Q Exh. A-1	Certification for Contracts, Grants and Loans	0 & 1	1940-Q	App.		Have	5
SF LLL	Disclosure of Lobbying Activities	0 & 1	1940-Q Exh. A	App.			5
1942-45	Project Summary	0 & 2	1942.5 (a) (1)	RUS			
442-3	Balance Sheet	0 & 1	1942.17 (h)	App.		Have	1
442-7	Operating Budget	0 & 2	1942.17 (h)	App.		Have	1
1942-14	Project Fund Analysis	0 & 4	1942.5 (c)	RUS			3
Guide 26	CP Program Project Selection Criteria	2	1942-A	RUS		Have	2
	Letter of Conditions	7	1942.5 (c)	RUS		Have	2
1942-46	✓ Letter of Intent to Meet Conditions	2	1942.5 (c)	App.		Have	3
1940-1	✓ Request for Obligation of Funds	4	1942.5 (c) (3)	RUS/App.			3
	✓ Written Request from Applicant for the Lower Interest Rate	2	1942.17 (f) (1)	RUS/App.			2
	✓ Evidence of "Other" Funds	1	1942.17 (n) (6)	App.			2
	Water Users Agreement (Copy)	1	1942.17 (h) (2) (B)	App.			2
							5

omit follow

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
AD 1047	Certification Regarding Debarment (Primary)	1	1940-M 1940.606 (b) (1)	App.		Have	5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea	1940-M 1940.606 (b) (1)	All Appropriate Vendors		Have	5
1910-11	Applicant Certification, Federal Collection Policies	1	1942.5 (a) (1) (i)	App.		Have	3
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	App.			Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statement Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5
	5. Having Users Agreements and Declination Statements Available		LOC	App.			
	Verification of Users	1	1942.6 (b)	RUS			3

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Preliminary Bond Transcr. Documents w/no Defeasance Provisions	2	1942.17 (j) (6) (ii)	B. Counsel			2
	Right-of-Way Map	1	Form FmHA 1942-19	Engr.			Sep. File
	Deeds and/or Options		1942.17 (j) (4) (i)	App./Att.			
1927-9	Preliminary Title Opinion	1	1942.17 (j) (4) (i)	App./Att.			5
1927-10	Final Title Opinion	1	1942.17 (j) (4) (i)	App./Att.			5
	Narrative Opinion from Attorney	1	LOC	Att.			5
442-20	Right-of-Way Easement	1	1942.17 (j) (4) (i)	App.			5
442-21	Right-of-Way Certificate	1	1942.17 (j) (4) (i)	App.			5
442-22	Opinion of Counsel Relative to R/Way		1942.17 (j) (4) (i)	Att.			5
1942-47	Loan Resolution	1	1942.17 (n) (2)	App.			5
	Copy of PSC Rule 42 Exh.	1	State	Att./Acct.			3
	Agreement with Accountant	1	1942.17 (l) (1)	App./Acct.			6
	Interim Financing Agreement	1	1942.17 (n) (3)	App./Att.			1
400-1	✓ Equal Opportunity Agreement	1	1942.17 (n) (2) (x)	App.			6
400-4	✓ Assurance Agreement	1	1942.17 (n) (2) (x)	App.			3

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<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Bond Transcript Documents w/no Defeasance Provisions	3	1942.17 (j) (6) (ii)	B. Counsel			Sep. File
	OGC Closing Instructions	1	1942.17 (n) (4)	RUS			5
	W/O Closing Instructions	1	1942.17 (n) (4)	RUS			5
	DOH Permit	1	1942.17 (k)	App.			6
	Railroad Permits	1	1942.17 (k)	App.			6
	Public Land Corp. Permit	1	1942.17 (k)	App.			6
	Contract Documents, Plans and Specs.	2	1942.18	Engr.			Sep. File
	Dept. of Health Approval	1	1942.17 (k)	Engr.			6
	Dept. of Environmental Protection Permit	1	1942.17 (k)	Engr.			6
	Accountant's Certification on Accounting System	1	1942.17 (q) (1)	Acct.			3
	RUS Approval of Accounting System		1942.17 (q) (1) (ii)	App./RUS			3
400-8	Comp. Review	1	1901-H 1901.204	RUS			5
1924-16	Record of Preconstruction Conference	1	1942.18 (o) (1)	RUS/Engr.			6
	Bid Tabulation	1	1942.18 (k)	Engr.			6

<u>Form No.</u>	<u>Document or Action</u>	<u>No. Needed</u>	<u>Proced. Ref.</u>	<u>Respons. Party</u>	<u>Target Date</u>	<u>Date Rec'd</u>	<u>File Pos.</u>
	Recommendation of Award	1	1942.18 (j) (8)	Engr.			6
	Recommendation of Award	1	1942.18 (j) (8)	App.			6
	Contract Documents with required Ins. and Bonds	2		App./Engr.			Sep. File
	Resume' of Inspector	1	1942.18 (o) (3)	Engr.			6
	Liability Insurance		1942.17 (j) (3) (iii)	App.			7
	Workers' Compensation Certificate	1	1942.17 (j) (3) (iii)	App.			7
	Flood Insurance Policy	1	1942.17 (j) (3) (iii)	App.			7
440-24	Fidelity Bond	1	1942.17 (j) (3) (ii)	App.			7
	OGC Final Opinion	1	1942.17 (o) (4)	RUS			5



United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 291-4796
Fax: (304) 291-4159
TTY/TDD: (304) 284-5941

March 22, 1999

The Honorable Vernon R. Hamilton
Mayor, City of Piedmont
52 Second Street
Piedmont, WV 26750

COPY

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Hamilton:

This letter, with Attachment No. 1 amends the letter of conditions dated March 24, 1997 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$950,000, a subsequent RUS loan in the amount of \$350,000, and other funding in the amount of \$1,250,000 for a total project cost of \$2,550,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant program.

Subject to the requirements noted herein, all of the conditions of the March 24, 1997 letter of conditions remain in effect and must be satisfied prior to loan closing.

The subsequent loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

19B

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. Loan Repayment - The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.5% interest rate and a monthly amortization factor of 0.00459 which provides for a monthly payment of \$1,607.00 on the subsequent loan. (The monthly payment for the initial \$950,000 loan is \$4,361.00 and the monthly payment for the subsequent \$350,000 loan is \$1,607.00, for a total loan of \$1,300,000 and a total monthly payment of \$5,968.00.)
2. The bond for the \$350,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$950,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$1,300,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.
3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

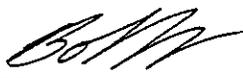
Form RD 442-7 -	"Initial Operating Budget"
Form RD 1940-1 -	"Request for Obligation of Funds"
RUS Bulletin 1780-27 -	"Loan Resolution"
Form RD 1942-46 -	"Letter of Intent to Meet Conditions"

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the City still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,



BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and Environmental Programs
Washington, DC

RUS Rural Development Specialist
Elkins, WV

Roth and White
Certified Public Accountants
202 Tunnelton Street
Kingwood, WV 26537

William R. Kuykendell
Attorney at Law
P.O. Box 1327
Keyser, WV 26726

Vanscoy Engineering
125 West Street
Keyser, WV 26726

Bond Counsel

Project Construction Budget

<u>Project Cost</u>	<u>SCB Grant</u>	<u>RUS Sub. Loan</u>	<u>RUS Loan</u>	<u>Total</u>
Construction	\$1,205,000	\$216,800	\$588,200	\$2,010,000
Construction Contg.		29,600	80,400	110,000
Land and Rights		1,400	3,600	5,000
Legal Fees		2,700	7,300	10,000
Engineering Fees		55,200	149,800	205,000
Basic \$100,000				
Inspection \$90,000				
Special \$15,000				
Bond Counsel		2,700	7,300	10,000
Interest		33,700	91,300	125,000
Administration	45,000			45,000
Project Contg.		7,900	22,100	30,000
Total	\$1,250,000	\$350,000	\$950,000	\$2,550,000

Rates - Available for general domestic, commercial and industrial service.

First	2,000 gals. @	\$9.55 per M gals.
Next	3,000 gals. @	\$4.05 per M gals.
Next	10,000 gals. @	\$3.59 per M gals.
Next	20,000 gals. @	\$2.54 per M gals.
Next	25,000 gals. @	\$1.77 per M gals.
Over	60,000 gals. @	\$1.54 per M gals.

Minimum Charge - No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4" meter -	\$19.10 per month
3/4" meter -	\$28.65 per month
1" meter -	\$47.75 per month
1 1/2" meter -	\$95.50 per month
2" meter -	\$152.80 per month
3" meter -	\$286.50 per month
4" meter -	\$477.50 per month
6" meter -	\$955.00 per month
8" meter -	\$1,528.00 per month

(Minimum Monthly Bill \$19.10 for 2,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis

104	users @	2,000	gallons @	\$19.10	per user =	\$1,986.40	monthly
88	users @	3,000	gallons @	\$23.15	per user =	\$2,037.20	monthly
36	users @	4,500	gallons @	\$29.23	per user =	\$1,052.28	monthly
37	users @	5,500	gallons @	\$33.05	per user =	\$1,222.85	monthly
20	users @	6,000	gallons @	\$34.84	per user =	\$696.80	monthly
21	users @	7,500	gallons @	\$40.23	per user =	\$844.83	monthly
7	users @	8,500	gallons @	\$43.82	per user =	\$306.74	monthly
9	users @	9,500	gallons @	\$47.41	per user =	\$426.69	monthly
5	users @	10,500	gallons @	\$51.00	per user =	\$255.00	monthly
3	users @	11,000	gallons @	\$52.79	per user =	\$158.37	monthly
4	users @	12,000	gallons @	\$56.38	per user =	\$225.52	monthly
2	users @	13,500	gallons @	\$61.77	per user =	\$123.54	monthly
2	users @	15,500	gallons @	\$68.42	per user =	\$136.84	monthly
3	users @	18,000	gallons @	\$74.77	per user =	\$224.31	monthly
2	users @	19,000	gallons @	\$77.31	per user =	\$154.62	monthly
1	users @	21,000	gallons @	\$82.39	per user =	\$82.39	monthly
3	users @	23,000	gallons @	\$87.47	per user =	\$262.41	monthly
1	users @	24,500	gallons @	\$91.28	per user =	\$91.28	monthly
1	users @	27,000	gallons @	\$97.63	per user =	\$97.63	monthly
1	users @	30,000	gallons @	\$105.25	per user =	\$105.25	monthly
1	users @	47,000	gallons @	\$139.19	per user =	\$139.19	monthly
1	users @	58,000	gallons @	\$158.66	per user =	\$158.66	monthly
1	users @	59,000	gallons @	\$160.43	per user =	\$160.43	monthly
1	users @	64,000	gallons @	\$168.36	per user =	\$168.36	monthly
1	users @	67,000	gallons @	\$172.98	per user =	\$172.98	monthly
1	users @	98,000	gallons @	\$220.72	per user =	\$220.72	monthly
1	users @	117,000	gallons @	\$249.98	per user =	\$249.98	monthly

357 Total Users

\$11,761.27 Monthly Revenue x 12 = \$141,135.24 Annual Revenue

Budget

Income		\$141,135.24
Expenses		
O & M	\$62,300	
*Debt Service	71,616	
**Debt Service Reserve	3,581	
***Depreciation Reserve	3,581	
	<hr/>	\$141,078.00
Balance and Depreciation		<hr/> \$ 57.24

Operating and Maintenance Expenses

Salaries and Wages	\$43,000
Outside Services	500
Pumping Expenses	4,500
Chemicals	4,000
Repairs	3,100
Transportation	2,000
Supplies and Expenses	5,200
TOTAL	<hr/> \$62,300

*Existing Debt Service -	\$ 0
Proposed Debt Service -	71,616
Total Debt Service -	<hr/> \$71,616
** Existing Debt Service Reserve	\$ 0
Proposed Debt Service Reserve	3,581
Total Debt Service Reserve	<hr/> \$ 3,581
*** Existing Depreciation Reserve	\$ 0
Proposed Depreciation Reserve	3,581
Total Depreciation Reserve	<hr/> \$ 3,581

$$\begin{aligned} \text{RUS Loans} - \$950,000 \times 0.00459 &= \$4,361/\text{month} \\ \$350,000 \times 0.00459 &= \$1,607/\text{month} \\ \hline & \$5,968/\text{month} \end{aligned}$$

$$\$5,968/\text{month} \times 12 = \$71,616/\text{year}$$

$$\text{Reserve} = \$71,616 \times 10\% = \$7,162 / 2 = \$3,581$$



United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

February 26, 2001

The Honorable Michael A. Francis
Mayor, City of Piedmont
52 Second Street
Piedmont, WV 26750

RE: Amendment No. 2 to
Letter of Conditions

Dear Mayor Francis:

This letter, with Attachment No.1 amends the letter of conditions dated March 24, 1997 and its amendment dated March 22, 1999, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$950,000, a subsequent RUS loan in the amount of \$350,000, an initial RUS grant in the amount of \$175,000, and other funding in the amount of \$1,250,000 for a total project cost of \$2,725,000. The other funding is planned in the form of a grant from the HUD Small Cities Block Grant administered by the State of West Virginia.

Subject to the requirements noted herein, all of the conditions of the March 24, 1997 and March 22, 1999 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

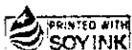
The RUS Grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

Rural Development is an Equal Opportunity Lender. Complaints of
discrimination should be sent to: Secretary of Agriculture,
Washington, DC 20250.



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The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12	"Water and Waste System Grant Agreement"
Form RD 442-7 -	"Initial Operating Budget"
Form RD 1940-1 -	"Request for Obligation of Funds"
RUS Bulletin 1780-27 -	"Loan Resolution"
Form RD 1942-46 -	"Letter of Intent to Meet Conditions"

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the City still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,



DIANNE GOFF CRYSLER
Acting State Director

Enclosures

cc: See Page 3

cc: Administrator, RUS
ATTN: Water and Environmental Programs
Washington, DC

RUS Rural Development Specialist
Elkins, WV

Roth and White
Certified Public Accountant
202 Tunnelton Street
Kingwood, WV 26537

James E. Carskadon
Attorney at Law
P. O. Box 237
Westernport, Md. 21562

Steptoe and Johnson
Attorneys at Law
P. O. Box 1588
Charleston, WV 25326

Rummel, Klepper and Kahl, LLP.
1 Grand Central Park
Suite 2040
Keyser, WV 26726

Attachment No. 1 to Amended
 Letter of Conditions
 For: City of Piedmont
 Date:

City of Piedmont
Project Construction Budget

<u>PROJECT COST</u>	<u>SCBG</u>	<u>RUS GRANT</u>	<u>RUS SUB LOAN</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
Construction	\$1,205,000	\$126,750	\$224,250	\$624,000	\$2,180,000
Construction Contg.		14,450	32,250	68,300	115,000
Land and Rights		650	1,150	3,200	5,000
Legal Fees		1,300	2,300	6,400	10,000
Accounting					
Administration (SCBG)	45,000				45,000
Bond Counsel		1,300	2,300	6,400	10,000
Engineering Fees		26,650	47,150	131,200	205,000
Design Fee \$100,000					
Inspection \$90,000					
Special Services \$15,000					
Interim financing					
Equipment			33,700	91,300	125,000
Interest			6,900	19,200	30,000
Project Contg.		3,900			
TOTALS	\$1,250,000	\$175,000	\$350,000	\$950,000	\$2,725,000

USE & INCOME ANALYSIS
City of Piedmont

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 2,000	Next 13,000	Next 45,000	Over 60,000	TOTAL REVENUE
0-2,000	65	1,221	65					
2,001 - 15,000	255	5,424		510.00	873,085			
15,001 - 60,000	11	22,236		22	143	79.6		
- 60,000	4	165,993		8	52	180	423,973	
	0	0		0	0	0	0	
	0	0		0	0	0	0	
Monthly Total	335	194,874	65	540	1068,085	259.6	424	

Existing Rates \$ 19.10 \$ 9.55 \$ 4.05 \$ 3.60 \$ 2.55

Monthly Revenues \$ 1,241.50 \$ 5,157.00 \$ 4,325.74 \$ 934.56 \$ 1,081.13 \$ 12,739.94

Annual Revenues \$ 14,898.00 \$ 61,884.00 \$ 51,908.93 \$ 11,214.72 \$ 12,973.57 \$ 152,879.22

Correction Factor 0.9763

Expected Annual Income \$ 149,255.99

This Use and Income Analysis includes all residential, commercial and government users presented in the Rule 42 Exhibit for the year ending 5/6/1999.

CASH FLOW

City of Piedmont, water
CONSTRUCTION BUDGET

OPERATING INCOME	\$ 149,256.00	
LATE PAYMENT FEES	\$ 1,492.00	
OTHER INCOME	\$ 1,358.00	
 TOTAL (A)		 \$ 152,106.00

EXPENSES		
O & M (B)	\$ 69,200.00	
Debt Service	\$ 71,616.00	
Debt Service Reserve	\$ 3,582.00	
Depreciation Reserve	\$ 3,582.00	
Taxes (B)	\$ -	
 TOTAL		 <u>\$ 147,980.00</u>

Balance and Depreciation		\$ 4,126.00
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Operating and Maintenance Expenses		
Salaries/Benefits	\$ 43,000.00	
Outside Services	\$ 500.00	
Pumping Expenses	\$ 4,500.00	
Chemicals	\$ 4,000.00	
Repairs/Admin	\$ 12,000.00	
Supplies & Expenses	<u>\$ 5,200.00</u>	
TOTAL	\$ 69,200.00	

D/S	\$ 52,332.00	
Sub/loan D/S	\$ 19,284.00	
TOTAL	<u>\$ 71,616.00</u>	

D/S	\$ 2,617.00	
Sub loan D/S Reserve	\$ 965.00	
TOTAL	<u>\$ 3,582.00</u>	

Dep. Reserve	\$ 2,617.00	
Sub Dep. Reserve	\$ 965.00	
TOTAL	<u>\$ 3,582.00</u>	

Debt Coverage	A/B	\$ 1.16
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RURAL
DEVELOPMENT

401 Davis Avenue
Elkins, West Virginia 26241
PHONE (304) 636-2158
FAX (304) 636-5902
TTY/TDD (800) 982-8771

March 5, 2001

Honorable Michael Francis Mayor
City of Piedmont
52 Second Street
Piedmont, WV 26750

Dear Mr. Mayor Francis:

This letter is to confirm the pre-closing for the City of Piedmont's RUS loan/grant will be held on March 13, 2001 at 11:00A.M. in the fire hall of the City of Piedmont. A pre-construction conference will follow at 2:00 P.M. The official loan closing date for the City's project will be March 15, 2001. Please have your accountant and your attorney available at 11:00 A.M. for pre-closing decisions.

Reference is made to our Amended letter of conditions dated February 26, 2001. All of the requirements of this letter must be met and in addition the loan must be closed in accordance with RUS Instruction 1780.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. You will need to sign and date RUS Grant Agreement at Closing. This Form should be dated for March 15, 2001.
2. The Certification on the Loan Resolution will need to be completed at closing
3. The City's attorney will need to provide Form RD 442-22, Opinion of Counsel Relative to Rights-of-Way, showing no exceptions. This form should be dated March 15, 2001.
4. The City's attorney must furnish a Form FmHA 1927-10, Final Title Opinion, on all land(s) being acquired. In addition, the attorney must

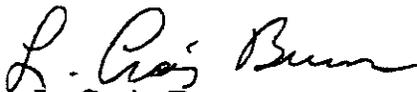
USDA RURAL DEVELOPMENT IS AN EQUAL OPPORTUNITY LENDER, PROVIDER AND EMPLOYER.
COMPLAINTS OF DISCRIMINATION SHOULD BE SENT TO: USDA, DIRECTOR, OFFICE OF CIVIL
RIGHTS, WASHINGTON, D. C. 20250

19D

provide a separate final title opinion(s) covering all existing property owned by the City. The opinion(s) should be dated March 15,2001.

5. The City's engineer must provide a resume of the proposed project inspector(s).
6. The City must provide a letter accepting the proposed project inspector(s).
7. The permit from the West Virginia Department of Highways must be on hand at the closing. The City should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.
7. A copy of the Public Land Corporation Permit should be provided on or before the date of closing.
8. Copies of current insurance policies should be provided for all required insurance on or before the date of closing
9. The City's accountant must provide accountants certificate

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.



L. Craig Burns
Rural Development Specialist

Cc: State Director
USDA- Rural Development

Nancy E. Roth
Certified Public Accountant

John Stump
Bond Counsel

James E. Carskadon
PSD Attorney

David G. Vanscoy
Green Engineering Inc.

@002
Piedmont Water Application
97 Chrono



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

October 17, 1997

The Honorable Vernon R. Hamilton
Mayor
City of Piedmont
52 Second Street
Piedmont, West Virginia 26750-1107

Dear Mayor Hamilton:

On September 25, 1996, the city of Piedmont received a commitment of \$1,250,000 in Small Cities Block Grant (SCBG) funds for a water improvement project.

The SCBG award was based upon your immediate need for funds; and, therefore, only \$500,000 was made available from the FY1996 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the city of Piedmont's ability to proceed with this worthwhile community development project, I am committing the remaining \$750,000 from the FY1997 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

It is with great pleasure that I am able to work with you to make this improvement a reality.

Very sincerely,

Cecil H. Underwood

CHU:pka

cc: Region VIII Planning and Development Council

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated _____ between
City of Piedmont

a public corporation organized and operating under _____
Chapter 8, Article 19 WV Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 2,725,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 2,550,000.00 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 2,550,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 175,000.00 or 75% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 6.4% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

Position 2

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

The water system consists of approximate 31,000 feet of various size water lines, a water treatment plant, booster pump station, two reservoirs and 44,000 gallon water storage tank, and required appurtenances in the City of Piedmont in accordance with the original plans and specifications developed by Rummel, Klepper & Kahl LLP

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 175,000.00 which it will advance to Grantee to meet not to exceed 6.4% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

and attested and its corporate seal affixed by its duly authorized

Clerk

Attest:

By Deborah Gaudet

(Title) City Clerk

By Melvin C. Franc

(Title) Mayor

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By L. Ray Brown RWS. Spec.

(Title)

CITY OF PIEDMONT

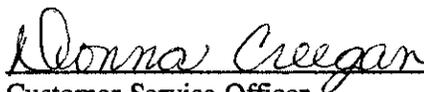
Water Revenue Bonds, Series 2001 A and Series 2001 B

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of First United Bank & Trust, Piedmont, West Virginia (the "Bank"), hereby certify that on March 15, 2001, the Bank received a wire transfer in the amount of \$16,000 to the credit of the City of Piedmont, Waterworks Improvement Account, Account Number 20002388.

WITNESS my signature on this 15th day of March, 2001.

FIRST UNITED BANK & TRUST



Customer Service Officer

03/14/01
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