

BE IT REMEMBERED THAT THERE IS BEGUN AND HELD THE REGULAR MEETING OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI ON JANUARY 19, 1999 AT 7:00 P.M. IN THE BOARD ROOM OF SAID CITY.

THOSE PRESENT

MAYOR JACK GAY

CITY ATTORNEY

THOMAS W. TYNER

ALDERMEN

WILLIE W. HINTON
CHARLES E. HOLBROOK
ROBERT F. LANGFORD
DONALD H. ROWELL
LEROY SCOTT

OTHERS PRESENT

LINDA ALGOOD
WILLOUGHBY WRIGHT
CHIEF RODNEY JARRELL
CHIEF AUBRA EVANS
CAPTAIN ROY JOHNSON

THE MAYOR DECLARED A QUORUM PRESENT AND DECLARED THE CITY COUNCIL IN SESSION.

THE INVOCATION WAS OFFERED BY WILLIE HINTON.

THE PLEDGE OF ALLEGIANCE WAS RECITED.

WHEREAS, MAYOR GAY PRESENTED THE AGENDA TO THE BOARD WITH THE FOLLOWING AMENDMENTS:

X. GENERAL BUSINESS

DELETE:

3. MR. TROY FLOWERS CONCERNING RESOLUTION ON CLEAN-UP OF PROPERTY ON WOODSIDE DRIVE

CHANGE:

15. TO HIRE CHARLES SUGGS AS A DISPATCHER IN THE POLICE DEPARTMENT EFFECTIVE JANUARY 20, 1999

ADD:

26. PROMOTE OFFICER DAVID BASSETT TO PATROLMAN 1ST CLASS

27. PROMOTE OFFICER 1ST CLASS WILLIAM KING TO SERGEANT

28. PROMOTE OFFICER 1ST CLASS BRIAN MORSE TO SERGEANT

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO ADOPT THE AGENDA WITH THE FOREGOING AMENDMENTS. ALDERMAN HOLBROOK SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE MINUTES OF THE REGULAR MEETING OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI OF JANUARY 5, 1999.

THEREUPON, ALDERMAN ROWELL MADE A MOTION THAT MINUTES OF THE REGULAR MEETING OF THE MAYOR AND BOARD OF ALDERMEN OF JANUARY 5, 1999 BE ACCEPTED AS WRITTEN. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY CALLED FOR PUBLIC COMMENT BUT THERE WAS NONE.

WHEREAS, LINDA ALGOOD REQUESTED THAT THE BOARD CONSIDER REQUIRING A BUILDING PERMIT AND A CITY INSPECTION FOR CONTRACTORS INSTALLING ROOFING AND SIDING BECAUSE OF AN UNFORTUNATE EXPERIENCE SHE HAD WITH AN UNLICENSED CONTRACTOR. MS. ALFOOD STATED THAT HAD THE CONTRACTOR BEEN REQUIRED BY CITY ORDINANCE TO HAVE A PERMIT AND THE CITY INSPECTOR TO PASS ON HIS WORK SHE WOULD NOT HAVE BEEN THREATENED AND INTIMIDATED INTO PAYING FOR THE SHODDY WORKMANSHIP SHE WAS LEFT WITH.

THEREUPON, MAYOR GAY REQUESTED THAT THE CITY INSPECTOR RESEARCH EXISTING ORDINANCES AND THE ORDINANCES OF OTHER CITIES AND TO REPORT BACK ON WHAT THE CITY WILL NEED TO ADOPT TO MAKE THE PERMITS AND INSPECTIONS FOR ROOFING AND SIDING A REQUIREMENT.

WHEREAS, WILLOUGHBY C. WRIGHT, CPA, OF WRIGHT, KING AND COMPANY, P.A., PRESENTED THE AUDIT OF THE CITY'S FUNDS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1998.

SEE EXHIBIT "A"

AUDIT 1998-99

THEREUPON, ALDERMAN HINTON MADE A MOTION TO ACCEPT THE AUDIT OF THE CITY'S FUNDS. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE ENGINEERING AGREEMENT BETWEEN THE CITY OF PETAL AND SHOWS, DEARMAN AND WAITS FOR THE 1998 COMMUNITY DEVELOPMENT BLOCK GRANT #8-295-PF-01.

SEE EXHIBIT "B"

AGREEMENT

THEREUPON, ALDERMAN ROWELL MADE A MOTION TO AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT BETWEEN THE CITY OF PETAL AND SHOWS, DEARMAN AND WAITS. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING PROOFS OF PUBLICATION TO THE BOARD.

- A) PUBLIC NOTICE - ZONING HEARING BRADY INGRAM
- B) PUBLIC NOTICE - ZONING HEARING THOMAS CRAIG
- C) PUBLIC NOTICE - ZONING HEARING RONNIE EDWARDS AND DICKIE CARPENTER
- D) PUBLIC NOTICE - CDBG HEARING

THEREUPON, ALDERMAN HINTON MADE A MOTION THAT THE FOREGOING PROOFS OF PUBLICATION BE ACCEPTED AND FILED. ALDERMAN HOLBROOK SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY STATED THAT THE WATER RELOCATION BIDS FOR THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION PROJECT OPENED ON NOVEMBER 3, 1998 HAVE BEEN TABULATED AND THE CITY ENGINEER HAS RECOMMENDED THAT C. J. MORGAN, INC. BE AWARDED THE WATER RELOCATION BID IN THE AMOUNT OF \$102,413.31

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE MAYOR TO EXECUTE THE NOTICE OF AWARD TO C. J. MORGAN, INC. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "NAY":
THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY STATED THAT THE SANITARY SEWER RELOCATION BID FOR THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION PROJECT OPENED ON NOVEMBER 3, 1998 HAS BEEN TABULATED AND THE CITY ENGINEER HAS RECOMMENDED THAT BOWIE RIVER CONSTRUCTION, INC. BE AWARDED THE BID IN THE AMOUNT OF \$108,497.32.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE MAYOR TO EXECUTE THE NOTICE OF AWARD TO BOWIE RIVER CONSTRUCTION, INC. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE REQUEST FROM FIRE CHIEF EVANS TO INCREASE THE MONTHLY PAY FOR THE FIRE DEPARTMENT TRAINING OFFICER TO \$100.00 PER MONTH.

THEREUPON, ALDERMAN HINTON MADE A MOTION TO PAY THE TRAINING OFFICER IN THE FIRE DEPARTMENT \$100.00 PER MONTH FOR HIS DUTIES. ALDERMAN LANGFORD SCODED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A LETTER OF RESIGNATION FROM PATROLMAN RICHARD PERKINS EFFECTIVE JANUARY 30, 1999.

THEREUPON, ALDERMAN HOLBROOK MADE A MOTION TO ACCEPT MR. PERKINS LETTER OF RESIGNATION. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A LETTER OF RESIGNATION FROM PATROLMAN MICHAEL DUPREE EFFECTIVE JANUARY 14, 1999.

THEREUPON, ALDERMAN HOLBROOK MADE A MOTION TO ACCEPT MR. DUPREES LETTER OF RESIGNATION. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A LETTER OF RESIGNATION FROM POLICE DISPATCHER SUE ELLEN BROADHEAD EFFECTIVE JANUARY 15, 1999.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO ACCEPT MS. BROADHEAD'S RESIGNATION. ALDERMAN HOLBROOK SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A LETTER OF RESIGNATION FROM SGT. ALVIN MILLER EFFECTIVE JANUARY 25, 1999.

THEREUPON, ALDERMAN ROWELL MADE A MOTION TO ACCEPT SGT. MILLER'S LETTER OF RESIGNATION. ALDERMAN HOLBROOK SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING ORDER HIRING TARA BARNES AS DISPATCHER EFFECTIVE JANUARY 20, 1999.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY TO HIRE A DISPATCHER TO FILL THE VACANCY CREATED BY THE RESIGNATION OF MARK BULLOCK.

IT IS HEREBY ORDERED THAT TARA BARNES BE HIRED AS A DISPATCHER AT A RATE OF \$6.80 PER HOUR EFFECTIVE JANUARY 20, 1999.
SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THEREUPON, ALDERMAN LANGFORD MADE A MOTION TO ADOPT THE FOREGOING ORDER. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING ORDER HIRING CHARLES SUGGS AS A DISPATCHER IN THE POLICE DEPARTMENT EFFECTIVE JANUARY 20, 1999.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY TO HIRE A DISPATCHER TO FILL THE VACANCY CREATED BY THE RESIGNATION OF SUE ELLEN BROADHEAD.

IT IS HEREBY ORDERED THAT CHARLES SUGGS BE HIRED AS A DISPATCHER AT A RATE OF \$6.80 PER HOUR EFFECTIVE JANUARY 20, 1999.
SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO ADOPT THE FOREGOING ORDER HIRING CHARLES SUGGS. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING ORDER HIRING CARL GRIFFIN AS PATROLMAN 4TH CLASS EFFECTIVE JANUARY 31, 1999.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY TO HIRE AN OFFICER TO FILL THE VACANCY CREATED BY THE RESIGNATION OF OFFICER RICHARD PERKINS.

IT IS HEREBY ORDERED THAT CARL GRIFFIN BE HIRED AS A PATROLMAN 4TH CLASS AT A RATE OF \$18,600.00 ANNUALLY EFFECTIVE JANUARY 31, 1999.

SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THEREUPON, ALDERMAN HINTON MADE A MOTION TO ADOPT THE FOREGOING ORDER. ALDERMAN HOLBROOK SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE MEMORANDUM OF UNDERSTANDING WITH WELLNESS AND SPORTS MEDICINE TO PROVIDE THE AEROBIC SESSIONS FOR THE SENIOR CITIZENS AT A RATE OF \$15.00 PER SESSION.

SEE EXHIBIT "C"

MEMORANDUM OF UNDERSTANDING

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE MAYOR TO EXECUTE THE MEMORANDUM OF UNDERSTANDING WITH THE WELLNESS AND SPORTS MEDICINE INSTITUTE. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A GROUND LEASE BETWEEN THE CITY OF PETAL AND MARTHA HAMILTON FOR HER PROPERTY ON FAIRCHILD DRIVE THAT THE CITY UTILIZES FOR PRACTICE FIELDS FOR BASEBALL AND SOFTBALL.

SEE EXHIBIT "D"

GROUND LEASE

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE MAYOR TO EXECUTE THE GROUND LEASE AND TO PAY MRS. HAMILTON \$700.00 FOR THE LEASE. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A REQUEST FROM THE PETAL GIRLS SOFTBALL ASSOCIATION FOR THE CITY TO PURCHASE SIGNS FOR AVERTISEMENT.

THEREUPON, ALDERMAN HOLBROOK MADE A MOTION TO TAKE THIS MATTER UNDER ADVISEMENT. ALDERMAN HINTON SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING ORDER INCREASING MARTY DENHAM'S PAY TO \$6.75 PER HOUR SINCE HE HAS COMPLETED HIS ONE YEAR ANNIVERSARY.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY DUE TO REACHING HIS FIRST ANNIVERSARY TO INCREASE MARTY DENHAM'S PAY TO \$6.75 PER HOUR. IT IS HEREBY ORDERED THAT MARTY DENHAM'S PAY BE INCREASED TO THE RATE OF \$6.75 PER HOUR EFFECTIVE FEBRUARY 2, 1999.

SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THEREUPON, ALDERMAN HOLBROOK MADE A MOTION TO ADOPT THE FOREGOING ORDER INCREASING MARTY DENHAM'S PAY. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A REQUEST FOR MARTY DENHAM TO BE TRANSFERRED FROM THE SOLID WASTE DEPARTMENT TO THE WATER DEPARTMENT EFFECTIVE JANUARY 25, 1999.

THEREUPON, ALDERMAN LANGFORD MADE A MOTION TO AUTHORIZE THE TRANSFER OF MARTY DENHAM. ALDERMAN HINTON SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING ORDER HIRING RODNEY SESSIONS IN THE STREET DEPARTMENT.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY TO HIRE A LABORER IN THE STREET DEPARTMENT.

IT IS HEREBY ORDERED THAT RODNEY SESSIONS BE HIRED AS A LABORER IN THE STREET DEPARTMENT AT A RATE OF \$6.25 PER HOUR EFFECTIVE JANUARY 25, 1999.

SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THEREUPON, ALDERMAN HOLBROOK MADE A MOTION TO ADOPT THE FOREGOING ORDER. ALDERMAN ROWELL SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY STATED THAT THE WATER DEPARTMENT IS IN NEED OF A DUMP TRUCK.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO AUTHORIZE THE CITY CLERK TO ADVERTISE FOR A NEW 1999 DUMP TRUCK FOR THE WATER DEPARTMENT. ALDERMAN HINTON SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A REQUEST FOR THE CITY TO PURCHASE TICKETS FOR THE CITY OFFICIALS TO ATTEND THE CHAMBER OF COMMERCE ANNUAL BANQUET ON FEBRUARY 1, 1999.

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO PURCHASE TICKETS TO THE CHAMBER OF COMMERCE ANNUAL BANQUET. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE REVENUE AND EXPENDITURE REPORT FOR THE MONTH OF DECEMBER TO THE BOARD.

THEREUPON, ALDERMAN ROWELL MADE A MOTION TO ACCEPT THE REVENUE AND EXPENDITURE REPORT FOR THE MONTH OF DECEMBER. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A REQUEST FROM THE CHIEF OF POLICE THAT THE BOARD PROMOTE PATROLMAN DAVID BASSETT TO THE RANK OF FIRST CLASS PATROLMAN.

THEREUPON, ALDERMAN HOLBROOK MADE A MOTION TO ADOPT THE FOLLOWING ORDER PROMOTING PATROLMAN BASSETT. ALDERMAN LANGFORD SECONDED THE MOTION.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY DUE TO THE RECOMMENDATION BY CHIEF JARRELL AND THE COMPLETION OF THE REQUIREMENTS TO PROMOTE DAVID BASSETT TO PATROLMAN FIRST CLASS.

IT IS HEREBY ORDERED THAT DAVID BASSETT'S PAY BE INCREASED TO THE RATE OF \$21,600.00 ANNUALLY EFFECTIVE FEBRUARY 1, 1999.

SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A REQUEST FROM THE CHIEF OF POLICE TO PROMOTE OFFICER WILLIAM KING TO THE RANK OF SERGEANT.

THEREUPON, ALDERMAN HINTON MADE A MOTION TO ADOPT THE FOLLOWING ORDER. ALDERMAN HOLBROOK SECONDED THE MOTION.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY DUE TO THE RECOMMENDATION BY CHIEF JARRELL AND THE COMPLETION OF THE REQUIREMENTS TO PROMOTE OFFICER WILLIAM KING TO THE RANK OF SERGEANT.

IT IS HEREBY ORDERED THAT WILLIAM KING'S PAY BE INCREASE TO THE RATE OF \$22,600.00 ANNUALLY EFFECTIVE FEBRUARY 1, 1999,
SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED A REQUST FROM THE CHIEF OF POLICE FOR THE BOARD TO PROMOTE OFFICER BRIAN MORSE TO THE RANK OF SERGEANT.

THEREUPON, ALDERMAN LANGFORD MADE A MOTION TO AIOPT TH FOLLOWING ORDER. ALDERMAN HOLBROOK SECONDED THE MOTION.

ORDER

WHEREAS, THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI DO HEREBY DEEM IT NECESSARY DUE TO THE RECOMMENDATION BY CHIEF JARRELL AND THE COMPLETION OF THE REQUIREMENTS TO PROMOTE OFFICER BRIAN MORSE TO THE RANK OF SERGEANT.

IT IS HEREBY ORDERED THAT BRIAN MORSE'S PAY BE INCREASED TO THE RATE OF \$22,600.00 ANNUALLY EFFECTIVE FEBUARY 1, 1999.
SO ORDERED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE FOLLOWING RESOLUTION PROCLAIMING FEBRUARY 12, 1999, AS ARBOR DAY.

SEE EXHIBIT "E"

RESOLUTION

THEREUPON, ALDERMAN SCOTT MADE A MOTION TO ADOPT THE FOREGOING RESOLUTION. ALDERMAN LANGFORD SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

WHEREAS, MAYOR GAY PRESENTED THE PRIVILEGE LICENSE REPORT FOR THE MONTH OF DECEMBER TO THE BOARD FOR THEIR CONSIDERATION.

WHEREAS, CITY ATTORNEY THOMAS W. TYNER REQUESTED AN EXECUTIVE SESSION WITH THE BOARD.

THEREUPON, ALDERMAN HINTON MADE A MOTION TO CLOSE THE MEETING TO DETERMINE IF AN EXECUTIVE SESSION WAS NEEDED. ALDERMAN SCOTT SECONDED THE MOTION.

THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

THEREUPON, MAYOR GAY REOPENED THE MEETING AS IT WAS DETERMINED THAT AN EXECUTIVE SESSION WAS NOT NECESSARY.

THEREUPON, ALDERMAN ROWELL MADE A MOTION TO ADJOURN. ALDERMAN SCOTT SECONDED THE MEETING.

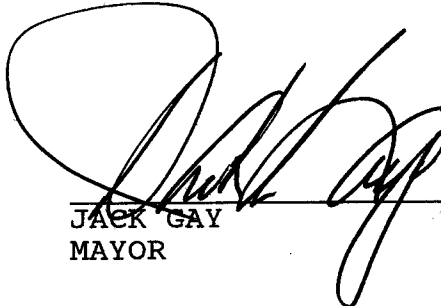
THOSE PRESENT AND VOTING "AYE":

ALDERMAN WILLIE W. HINTON
ALDERMAN CHARLES E. HOLBROOK
ALDERMAN ROBERT F. LANGFORD
ALDERMAN DONALD H. ROWELL
ALDERMAN LEROY SCOTT

THOSE PRESENT AND VOTING "NAY":

NONE

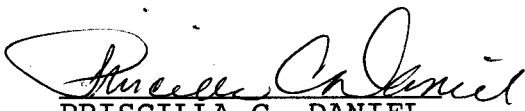
THEREBEING NO FURTHER BUSINESS, THE REGULAR MEETING OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF PETAL, MISSISSIPPI WAS ADJOURNED ON THIS THE 19TH DAY OF JANUARY, A.D., 1999.



JACK GAY
MAYOR

(SEAL)

ATTEST:



PRISCILLA C. DANIEL
CITY CLERK

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

CITY OF PETAL, MISSISSIPPI

INDEPENDENT AUDITORS' REPORT

Wright, King and Company, P.A.

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen
City of Petal, Mississippi

We have audited the accompanying general purpose financial statements of the City of Petal, Mississippi, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Petal, Mississippi, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Petal, Mississippi, as of September 30, 1998, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Independent Auditors' Report
Page Two
December 21, 1998

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City of Petal, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

WRIGHT, KING AND COMPANY, P.A.
Hattiesburg, Mississippi
December 21, 1998

CITY OF PETAL, MISSISSIPPI
EXHIBIT "A"

FINANCIAL REPORTS

EXHIBIT A
CITY OF PETAL, MISSISSIPPI
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1998

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Enterprise	Trust and Agency	Fixed Assets	General Long-Term Debt	
ASSETS								
Cash & other deposits	\$ 707,123	\$ 202,121	\$ 645,947	\$ 521,591	\$ 60,525	\$ -	\$ -	\$2,137,307
Receivables (net of allowance)	-	67,667	-	123,469	-	-	-	191,136
Franchise fees receivable	45,127	-	-	-	-	-	-	45,127
Due from other governments	98,691	6,486	4,138	-	-	-	-	109,335
Due from other funds	4,677	-	-	106,868	-	-	-	111,545
Prepaid expenses	-	-	-	1,055	-	-	-	1,055
Inventory, at cost	1,536	-	-	35,512	-	-	-	37,048
Restricted assets	-	-	-	352,477	-	-	-	352,477
Fixed assets	-	-	-	3,573,997	-	8,444,695	-	12,018,692
Other assets	-	-	-	42,003	-	-	-	42,003
Available for debt service	-	-	-	-	-	-	649,980	649,980
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	1,686,354	1,686,354
Total Assets	\$ 857,154	\$ 276,274	\$ 650,105	\$ 4,756,972	\$ 60,525	\$ 8,444,695	\$ 2,336,334	\$ 17,382,059
LIABILITIES								
Bills docketed	\$ 74,479	\$ 61,359	\$ 125	\$ 92,128	\$ 593	\$ -	\$ -	\$ 228,684
Due to other funds	9,297	-	-	102,243	5	-	-	111,545
Other payables	81,326	-	-	4,825	45,476	-	-	131,627
Accrued interest on bonds	-	-	-	8,615	-	-	-	8,615
Customer deposits	-	-	-	106,855	-	-	-	106,855
Notes payable	-	-	-	-	-	-	25,000	25,000
Revenue bonds payable	-	-	-	1,000,000	-	-	-	1,000,000
General obligation bonds payable	-	-	-	-	-	-	1,730,000	1,730,000
Abatement notes payable	-	-	-	863,031	-	-	-	863,031
Certificate of participation	-	-	-	-	-	-	425,000	425,000
Lease payable	-	-	-	31,460	-	-	156,334	187,794
Total Liabilities	165,102	61,359	125	2,209,137	46,074	-	2,336,334	4,818,151

EXHIBIT A (CONTINUED)
CITY OF PETAL, MISSISSIPPI
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 1998

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Enterprise	Trust and Agency	Fixed Assets	General Long-Term Debt	
FUND EQUITY:								
Contributed capital	-	-	-	176,886	-	-	-	176,886
Investment in general fixed assets	-	-	-	-	-	8,444,695	-	8,444,695
Retained earnings	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	413,204	-	-	-	413,204
Reserved for repair and replacement	-	-	-	58,543	-	-	-	58,543
Unreserved	-	-	-	1,899,182	-	-	-	1,899,182
FUND BALANCES:								
Reserved for inventory	1,536	-	-	-	-	-	-	1,536
Reserved for ad valorem tax escrow	14,976	-	-	-	-	-	-	14,976
Reserved for unemployment	-	-	-	-	14,451	-	-	14,451
Reserved for debt service	-	-	649,980	-	-	-	-	649,980
Unreserved	675,540	214,915	-	-	-	-	-	890,455
Total Fund Equity	692,052	214,915	649,980	2,547,815	14,451	8,444,695	-	12,563,908
Total Liabilities and Fund Equity	\$ 857,154	\$ 276,274	\$ 650,105	\$ 4,756,972	\$ 60,525	\$ 8,444,695	\$ 2,336,334	\$ 17,382,059

The notes to financial statements are an integral part of this statement.

CITY OF PETAL
MISSISSIPPI
MINUTE BOOK
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1998
EXHIBIT A

	Governmental Fund Types			Fiduciary Fund Types	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Expensible Trust	
REVENUES:					
Property taxes	\$ 556,774	\$ -	\$ 538,721	\$ -	\$1,095,495
Penalties and interest	2,730	-	-	-	2,730
Licenses and permits	46,285	-	-	-	46,285
Franchise fees	188,894	-	-	-	188,894
Homestead exemption	45,998	-	-	-	45,998
State share revenue	-	-	-	-	-
Sales tax	1,065,900	-	-	-	1,065,900
Alcoholic beverage tax	900	-	-	-	900
Intergovernmental					
Gasoline tax	9,874	-	-	-	9,874
Municipal aid	4,398	-	-	-	4,398
Other	24,597	148,181	-	-	172,778
Culture and recreation	66,062	-	-	-	66,062
Fines and forfeits	79,779	-	-	-	79,779
Charges for services	1,976	-	-	-	1,976
Interest earned	24,120	4,469	19,105	227	47,921
Grants	53,182	19,971	-	-	73,153
Sale of equipment	4,628	-	-	-	4,628
Other	22,434	-	-	-	22,434
Total Revenues	2,198,531	172,621	557,826	227	2,929,205
EXPENDITURES:					
General government	450,043	-	-	-	450,043
Public safety	979,193	203,287	-	-	1,182,480
Public works	387,811	142,959	-	-	530,770
Culture and recreation	223,297	-	-	-	223,297
Health and welfare	29,465	-	-	-	29,465
Capital outlay	-	63,000	-	-	63,000
Debt service	32,832	96,111	529,965	-	658,908
Total expenditures	2,102,641	505,357	529,965	-	3,137,963

EXHIBIT B - CONTINUED
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Governmental Fund Types			Fiduciary Fund Types	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Expensible Trust	
Excess (deficiency) of revenues over expenditures	95,890	(332,736)	27,861	227	(208,758)
Other financing sources (uses):					
Transfers in	-	58,216	-	-	58,216
Transfers out	(58,216)	-	-	-	(58,216)
Proceeds of debt	15,274	159,748	-	-	175,022
Discharge of debts	-	(36,315)	-	-	(36,315)
Total other financing sources (uses)	(42,942)	181,649	-	-	138,707
Excess (deficiency) of revenues and other sources over expenditures and other uses	52,948	(151,087)	27,861	227	(70,051)
Fund Balance - 10/01/97	636,365	366,002	622,119	14,224	1,638,710
Change in reserves	(13,773)	-	-	-	(13,773)
Fund Balance - 9/30/98	\$ 675,540	\$ 214,915	\$ 649,980	\$ 14,451	\$ 1,554,886

EXHIBIT C-1
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL
AND PROPRIETY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	General Fund		
	Budget	Actual	Variance
REVENUES:			
Property tax	\$ 560,000	\$ 557,314	\$ (2,686)
Penalties and interest	2,400	2,730	330
Licenses and permits	43,200	46,285	3,085
Franchise fees	178,500	184,696	6,196
Homestead exemption	-	45,998	45,998
State share revenue	-	-	-
Sales tax	1,075,000	1,080,563	5,563
Alcoholic beverage tax	900	900	-
Intergovernmental			
Gas tax	10,000	9,874	(126)
Municipal aid	4,500	4,398	(102)
Other	23,000	24,597	1,597
Culture and recreation	69,900	66,062	(3,838)
Fines and forfeits	76,500	79,779	3,279
Charges for services	3,500	1,976	(1,524)
Interest earned	24,000	24,120	120
Reimbursements	-	2,239	2,239
Grants	47,700	40,232	(7,468)
Other income	10,820	24,567	13,747
Total Revenues	2,129,920	2,196,330	66,410

EXPENDITURES	CITY OF PETAL		Variance
	Budget	General Fund Actual	
General government			
Personnel services	236,841	234,871	1,970
Supplies	7,450	6,960	490
Other services	183,193	164,668	18,525
Capital outlay		28,270	4,497
Debt service	85,223	15,274	69,949
Total	545,474	450,043	95,431
Public safety			
Police			
Personnel services	513,015	501,131	11,884
Supplies	25,285	22,613	2,672
Other services	41,668	40,368	1,300
Capital outlay	23,887	23,511	376
Total	603,855	587,623	16,232
Fire			
Personnel services	329,724	325,872	3,852
Supplies	4,900	4,394	506
Other services	32,060	25,815	6,245
Capital outlays	924	475	449
Total	367,608	356,556	11,052
Building inspection			
Personnel services	32,649	32,384	265
Supplies	750	598	152
Other services	2,669	2,033	636
Capital outlay	250	-	250
Total	36,318	35,015	1,303

EXHIBIT C-1 - CONTINUED
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL
AND PROPRIETY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	General Fund		Variance
	Budget	Actual	
Public works			
Personnel services	215,760	208,107	7,653
Supplies	80,350	70,390	9,960
Other supplies	101,300	80,193	21,107
Capital outlay	28,930	23,274	5,656
Debt service	-	5,847	(5,847)
Total	426,340	387,811	38,529
Health and welfare			
Personnel services	19,138	18,705	433
Supplies	1,600	1,124	476
Other services	9,220	9,636	(416)
Total	29,958	29,465	493
Culture and recreation			
Recreation department			
Personnel services	91,464	82,171	9,293
Supplies	25,700	21,198	4,502
Other services	58,200	41,005	17,195
Capital outlay	27,563	15,985	11,578
Total	202,927	160,359	42,568
Civic Center			
Personnel services	38,916	38,760	156
Supplies	4,800	3,275	1,525
Other services	23,650	20,099	3,551
Capital outlay	6,500	805	5,695
Total	73,866	62,939	10,927

EXHIBIT C-1 - CONTINUED
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL
AND PROPRIETY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	General Fund		Variance
	Budget	Actual	
Debt service	85,223	32,832	52,391
Total Expenditures	2,371,569	2,102,643	268,926
Excess (deficiency) of revenues over expenditures	(241,649)	93,687	335,336
Other financing sources (uses)			
Transfers out	-	(58,216)	(58,216)
Debt Proceeds	-	15,274	15,274
Total other financing uses	-	(42,942)	(42,942)
Net Excess (deficiency) of revenues over expenditures and other financing uses	\$ (241,649)	\$ 50,745	\$ 292,394
Accrued revenues		2,203	
Fund Balance - October 1		636,365	
Change in reserves		(13,773)	
Fund Balance - September 30		\$ 675,540	

EXHIBIT C-2
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL
AND PROPRIETY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

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	Special Revenue Fund		
	Budget	Actual	Variance
REVENUES:			
State shared revenues	\$ 140,939	\$145,831	\$ 4,892
Intergovernmental	19,980	19,971	(9)
Program income	3,252	2,350	(902)
Interest earned	3,800	4,469	669
Total Revenue	<u>167,971</u>	<u>172,621</u>	<u>4,650</u>
EXPENDITURES:			
Other services	218,617	159,200	59,417
Capital outlay	78,147	65,111	13,036
Total Expenditures	<u>296,764</u>	<u>224,311</u>	<u>72,453</u>
Excess (deficiency) of revenues over expenditures	<u>(128,793)</u>	<u>(51,690)</u>	<u>77,103</u>
Other sources (uses)			
Transfers out	-	(63,000)	(63,000)
Debt proceeds	-	159,748	159,748
Total other sources (uses)	<u>-</u>	<u>96,748</u>	<u>96,748</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (128,793)</u>	<u>45,058</u>	<u>\$ 173,851</u>
Adjustments to GAAP basis: Accrued revenues			
Reclassification of capital outlay		(121,935)	
Discharge of debt per grant agreement		(36,315)	
Reclassification of transfers in		58,216	
Reclassification of debt service		(96,111)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)		(151,087)	
Fund balance - October 1		366,002	
Fund balance - September 30		<u>\$ 214,915</u>	

The notes are an integral part of this statement.

EXHIBIT C-3
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP) AND ACTUAL ALL GOVERNMENTAL
AND PROPRIETY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Debt Service Fund		
	Budget	Actual	Variance
REVENUES:			
Property tax	\$ 507,000	\$ 540,913	\$ 33,913
Interest earned	10,400	19,105	8,705
Total revenues	<u>517,400</u>	<u>560,018</u>	<u>42,618</u>
EXPENDITURES:			
Debt service			
Principal	420,000	420,000	-
Interest	107,598	107,598	-
Agent fees	3,850	2,368	1,482
Total expenditures	<u>531,448</u>	<u>529,966</u>	<u>1,482</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (14,048)</u>	<u>30,052</u>	<u>\$ 44,100</u>
Adjustment to GAAP basis:			
Increase (decrease) in accrued property taxes		(2,191)	
Excess (deficiency) of revenues over expenditures - GAAP basis		27,861	
Fund balance - October 1		622,119	
Fund balance - September 30		<u>\$ 649,980</u>	

EXHIBIT C-4
CITY OF PETAL, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES BUDGET (NON-GAAP) AND
ACTUAL ALL GOVERNMENTAL AND PROPRIETY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Enterprise Fund		
	Budget	Actual	Variance
REVENUES:			
Charges for services			
Interest earned	\$ 1,174,000	\$ 1,184,571	\$ 10,571
Miscellaneous	18,842	25,993	7,151
Total revenues	<u>1,220,307</u>	<u>1,245,776</u>	<u>25,469</u>
EXPENDITURES:			
Public works			
Personnel services	269,395	250,741	18,654
Supplies	86,800	71,445	15,355
Other services and charges	684,800	561,682	123,118
Capital outlay	75,317	131,696	(56,379)
Debt service	156,567	156,544	23
Total expenditures	<u>1,272,879</u>	<u>1,172,108</u>	<u>100,771</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses)			
Transfers in			
Transfers out	914,811	914,811	-
Total other sources (uses)	<u>(914,811)</u>	<u>(914,811)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses			
Adjustments to GAAP basis:	<u>\$ (52,572)</u>	<u>73,668</u>	<u>\$ 126,240</u>
Debt reduction		121,772	
Capital expenditures		31,250	
Depreciation		(189,091)	
(Increase) decrease in accrued expense		417	
Increase in accounts receivable		<u>17,028</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)		55,044	
Retained earnings unreserved at October 1		2,315,885	
Retained earnings unreserved at September 30		<u>\$ 2,370,929</u>	

The notes are an integral part of these financial statements.

**CITY OF PETAL
 MINUTE BOOK 18**

September 30, 1998

EXHIBIT "A"

Operating revenues:	
Charges for services	\$ 1,092,307
Tap fees	17,470
Connect fees	6,470
Sewer treatment charges	101,850
Interest earned	27,899
Other income	<u>20,487</u>
	<u>1,266,483</u>
Operating expenses	
Personnel services	251,840
Supplies and materials	89,420
Contractual services	363,111
Repairs and maintenance	27,810
Utilities	71,548
Depreciation and amortization	189,091
General and administration	6,794
Sewer treatment	<u>101,164</u>
	<u>1,100,778</u>
Operating income	165,705
Other sources (uses)	
Gain on sale of fixed asset	183
Interest expense	(110,844)
Transfers in	914,811
Transfers out	<u>(914,811)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	55,044
Retained earnings - October 1	<u>2,315,885</u>
Retained earnings - September 30	<u>\$ 2,370,929</u>

The notes are an integral part of these financial statements.

**EXHIBIT E
 CITY OF PETAL, MISSISSIPPI
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1998**

September 30, 1998

Cash flow from operating activities:	
Cash received from customers (excluding deposit)	\$ 1,226,431
Cash paid to suppliers	(632,851)
Cash paid to employees	<u>(254,237)</u>
Net cash provided (used) by operating activities	<u>339,343</u>
Cash flow from non-capital financing activities:	
Operating transfers in (net)	<u> </u>
Cash flow from capital and related financing activities:	
Sale of capital assets	183
Acquisition of capital assets	(31,250)
Principal paid on bonds	(80,000)
Principal paid on notes	(50,228)
Principal paid on capital lease	(5,616)
Interest paid	<u>(111,296)</u>
Net cash flows provided (used) by capital and related financing activities	<u>(278,207)</u>
Cash flow from investing activities:	
Interest received	<u>27,899</u>
Net increase (decrease) in cash for the year	89,035
Cash and restricted cash - October 1	<u>781,433</u>
Cash and restricted cash - September 30	<u>\$ 870,468</u>

**EXHIBIT E (continued)
 CITY OF PETAL, MISSISSIPPI
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
 PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 165,705
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	189,091
(Increase) decrease in accounts receivable	(17,028)
Increase (decrease) in accounts payable	26,996
Interest earned	(27,899)
(Increase) decrease in customer deposits	2,895
Increase (decrease) in accrued expenses	<u>(417)</u>
Net cash provided by operating activities	<u>\$ 339,343</u>
Other required disclosures:	
Interest expense	\$ 110,844
Interest paid	111,296

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(1) **Summary of Significant Accounting Policies**

The City of Petal was incorporated in 1974 and operates under a Mayor-Alderman form of government and provides the following services:

Public Safety
Public Works
Health and Welfare
Culture and Recreation
General Administration

A. **Reporting Entity**

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Excluded from the reporting entity:

-Petal Police Auxiliary
-Petal Volunteer Fire Department
-Pine Belt Regional Waste Authority
-Area Development Partnership
-Petal Municipal Separate School District

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(1) **Summary of Significant Accounting Policies (continued)**

A. **Reporting Entity (continued)**

The City of Petal donates to or has a financial commitment to these entities but does not appoint management or exert significant control over these organizations.

Blended with the reporting entity:

-Petal Public Improvement Corporation

The Petal Public Improvement Corporation is a not-for-profit entity formed to finance the construction of a multi-purpose center to be leased to the City. The Board of Directors of the Petal Public Improvement Corporation is composed of the Mayor and Aldermen of the City of Petal.

The financial statements of the Petal Public Improvement Corporation are reported as a Special Revenue Fund, using the blended method of reporting, in the general purpose financial statements of the City of Petal.

B. **Account Classifications**

The account classifications used in the financial statements are in accordance with the classifications required by the Mississippi State Department of Audit.

C. **Basis of Accounting**

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

(1) Summary of Significant Accounting Policies (continued)
EXHIBIT "A"

C. Basis of Accounting (continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the City are recognized as revenue.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Fund Accounting

The accounts of the City of Petal are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. City of Petal resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad categories as follows:

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(1) Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations which are intended to be self-supporting through user charges or where the board has determined that periodic determination of net income is appropriate for management control and accountability.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations and/or other funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Nonexpendable Trust Funds are used to account for the principal portion of trust funds, the part which cannot be expended. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(1) Summary of Significant Accounting Policies (continued)

E. Fixed Assets and Long-term Liabilities

The costs incurred for the purchase or construction of general fixed assets are recorded as capital outlay expenditures in the governmental funds. The fixed assets are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds.

Fixed assets are valued at cost or estimates of amounts spent for these purposes. No depreciation has been provided on general fixed assets.

The City has elected not to capitalize infrastructure and did not attempt to value said improvements during the fixed assets inventory. The City also does not capitalize items under \$500 in cost; however, equipment lists are maintained for these items.

The long-term liabilities incurred by the City which are to be financed from the governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

F. Deposits and Investments

The City deposits funds in the financial institutions selected by the Board of Aldermen in accordance with state statutes. Furthermore, the City invests excess funds in various investment instruments that are allowed by statutes.

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(1) Summary of Significant Accounting Policies (continued)

F. Deposits and Investments (continued)

Deposits

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized in an amount equal to 105% of the uninsured deposit. All deposits with financial institutions insured by the Federal Savings and Loan Insurance Corporation (FSLIC) cannot exceed the amount insured by that agency (FSLIC).

Investments

The City is allowed, by statute, to invest excess funds in any bond or other direct obligations of the United States of America or the State of Mississippi, or in any financial institution approved for the deposit of state funds.

G. Fund Reserves

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of all reserves approved by City policy:

Reserved for unemployment compensation - An account that represents the unemployment revolving fund balance which is legally restricted for the payment of unemployment benefits.

Reserved for debt service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amount maturing in future years.

Reserved for inventory - An account used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Reserved for facility replacement - An account used to separate a portion of the fund balance that is restricted by bond agreement to facility repair and replacement.

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(1) Summary of Significant Accounting Policies

H. Inventories

Inventories are valued at cost, which approximate market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

I. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

J. Compensated Absences

Employees accumulate sick leave at an amount provided by the City policy. Accumulated sick leave or vacation is not paid upon termination of employment.

K. Cash

The City considers any investment with a maturity of less than 90 days to be cash.

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(2) Interfund Receivables and Payables

The following is a summary of Due To and Due From other funds:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 9,297	\$ 4,677
Proprietary Fund:		
Water and Sewer	102,243	92,321
Solid Waste		14,547
Trust and Agency Fund:		
Tax Collector's Fund	5	
Total	<u>\$ 111,545</u>	<u>\$ 111,545</u>

(4) Accounts Receivable - Customers

EXHIBIT "A"

Customer accounts receivable in the Enterprise Fund are attributable to unpaid balances at year-end for charges for services. The Allowance for Doubtful Accounts balance at September 30, 1998, is \$2,400, which is computed at 5% of gross receivables at year-end. The 5% approximation is based on the City's history of collections.

Notes Receivable

The City of Petal participates in the Rental Rehabilitation Program of the Office of Housing and Urban Development. As a result, the City has \$67,667 in notes receivable from grant contracts. Repayment on these notes are available for use in the program. However, \$56,121 of the notes are being forgiven at 10% per year if grant conditions are met.

(5) Fixed Assets

The following is a summary of the changes in general fixed assets:

	Balance 10/01/97	Additions	Deletions	Balance 9/30/98
Land and easements	\$ 311,287	\$ -	\$ -	\$ 311,287
Buildings	1,058,028	-	-	1,058,028
Improvements	266,532	-	-	266,532
Equipment:				
Furniture	78,056	3,250	40	81,266
Motor vehicles	501,064	39,641	10,546	530,159
Other	429,455	15,054	4,883	439,626
Sewer system	5,562,775	-	-	5,562,775
Assets under lease	-	195,022	-	195,022

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(5) Fixed Assets (continued)

Proprietary Fund Type fixed assets are recorded in the Enterprise Funds and are summarized as follows:

	Balance 10/01/97	Additions	Deletions	Balance 9/30/98
Water and Sewer Fund				
Land and easements	\$ 21,994	\$ -	\$ -	\$ 21,994
Buildings	79,939	-	-	79,939
Water/Sewer systems	5,357,922	-	-	5,357,922
Operating equipment	299,437	31,250	9,345	321,342
Assets under capital lease	40,392	-	-	40,392
Less: Accumulated depreciation	<u>(2,061,804)</u>	<u>(189,091)</u>	<u>(3,303)</u>	<u>(2,247,592)</u>
	<u>3,737,880</u>	<u>(157,841)</u>	<u>6,042</u>	<u>3,573,997</u>
Solid Waste Fund				
Operating equipment	6,682	-	-	6,682
Less: Accumulated depreciation	<u>(6,682)</u>	<u>-</u>	<u>-</u>	<u>(6,682)</u>
Total	<u>\$ 3,737,880</u>	<u>\$(157,841)</u>	<u>\$ 6,042</u>	<u>\$ 3,573,997</u>

Fixed assets are stated at cost. Additions are capitalized while expenditures for maintenance and repairs are charged against revenues. Depreciation is not provided for in the General Fixed Asset Group. Depreciation is based upon the estimated useful life of the property under the straight-line method in Proprietary Fund Types.

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(6) Bonds Payable

Presented below is Section 21-33-303 Mississippi Code: No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) until September 30, 1999, and ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any better program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in which are subject to annual appropriations therefore, or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

All bonds issued prior to July 1, 1990, pursuant to this chapter by any municipality for the purpose of the constructing, replacing, renovating or improving waste water collection and treatment facilities in order to comply with an administrative order of the Mississippi Department of Natural Resources issued pursuant to the Federal Water Pollution Control Act and amendments thereto, are hereby exempt from the limitation imposed by this section, if the governing body of the municipality adopts an order, resolution or ordinance to the effect that the rates paid by the users of such facilities shall be increased to the extent necessary to pay the principal and interest on such bonds.

(6) Bonds Payable (continued)

EXHIBIT "A"

The following is a schedule of limitations on the indebtedness of the City at September 30, 1998:

	<u>15 Percent</u>	<u>20 Percent</u>
Authorized Debt Limit:		
Assessed valuation for fiscal year ended September 30, 1998 - \$28,614,691	\$ 4,292,204	\$ 5,722,858
Present debt subject to 15% limitation	(425,000)	
Present debt subject to 20% limitation including debt subject only 15% limitation		<u>(835,000)</u>
Margin for further debt under respective debt limits	<u>\$ 3,867,204</u>	<u>\$ 4,887,858</u>

(7) Changes in Long-Term Debt

A schedule of changes in long-term debt is presented in the Other Supplemental Information section of this report.

Bonds and installment notes payable are comprised of the following:

GENERAL OBLIGATION BONDS:

\$3,750,000 Separate School District Bonds due in annual installments of \$80,000 in 1978 and 1979 increasing to \$85,000 in 1981, \$90,000 in 1982, \$95,000 in 1983, \$150,000 in 1984 through 1989, \$160,000 in 1990 through 1993, \$170,000 in 1994 through 1998, \$180,000 in 1990 through 2002, and \$200,000 in 2003, interest at 5.50% to 6.75%.	<u>\$ 920,000</u>
	<u>\$ 920,000</u>

TOTAL GENERAL OBLIGATION BONDS

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(7) Changes in Long-Term Debt (continued)

SEWER ABATEMENT NOTE PAYABLE:

\$417,827 Sewer Abatement Loan due in monthly installments of \$1,667 for 240 months at 0%.	<u>\$ 150,297</u>
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CERTIFICATES OF PARTICIPATION:

\$550,000 in Certificates of Participation due in annual installments of \$20,000 in 1994; \$25,000 in 1995 through 1997; \$30,000 in 1998 and 1999; \$35,000 in 2000 and 2001; \$40,000 in 2002 and 2004; \$45,000 in 2004 and 2005; \$50,000 in 2008, interest at 5.60% to 8.00%.	<u>\$ 425,000</u>
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REVENUE BONDS:

\$825,000 Water and Sewer Series 1990 due in annual installments of \$20,000 from 1991 to 1993, \$25,000 in 1994 to 1996, \$30,000 in 1997 and 1998, \$35,000 in 1999 and 2000, and \$40,000 in 2001, \$45,000 in 2002 and 2003, \$50,000 in 2004, \$55,000 in 2005 and 2006, \$60,000 in 2007, \$65,000 in 2008, \$70,000 in 2009 and \$75,000 in 2010, interest at 6.6% to 9.4%	<u>\$ 630,000</u>
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CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED September 30, 1998

(7) Changes in Long-Term Debt

GENERAL OBLIGATION ENTERPRISE BONDS:

\$1,370,000 Water and Sewer Refunding Bonds due in annual installments of \$5,000 in 1992, \$25,000 in 1993 to 1995, \$230,000 in 1996, \$250,000 in 1997, \$225,000 in 1998, \$270,000 in 1999 and \$285,000 in 2000, interest at 3.0% to 5.3%.	<u>\$ 810,000</u>
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\$700,000 Water and Sewer Refunding Bonds due in annual installments of \$25,000 in 1990, \$30,000 in 1991 and 1992, \$35,000 in 1993 and 1994, \$40,000 in 1995 and 1996, \$45,000 in 1997, \$50,000 in 1998 and 1999, \$55,000 in 2000, \$60,000 in 2001, \$65,000 in 2002, \$70,000 in 2003 and 2004, interest at 7.1% to 10.0%.	<u>370,000</u>
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TOTAL GENERAL OBLIGATION ENTERPRISE BONDS	<u>\$1,180,000</u>
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OTHER LONG-TERM DEBT:

\$807,757 State Revolving Loan Fund loan due in monthly installments of \$5,532 for 237 months at 4.5% per annum.	<u>\$ 712,733</u>
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\$125,000 five year note due in five installments of \$25,000 plus interest accrued at 3.99% annually.	<u>25,000</u>
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Total Other Long-Term Debt

\$ 737,733

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

CITY OF PETAL
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(7) Changes in Long-Term Debt (continued)

The annual requirements to amortize all bonded debt as of September 30, 1998 follows:

Year Ending 9/30	\$3,750,000 SSD Bonds	
	Principal	Interest
1999	\$180,000	\$ 51,200
2000	180,000	40,400
2001	180,000	29,375
2002	180,000	18,125
2003	200,000	6,250
	<u>\$ 920,000</u>	<u>\$ 145,350</u>

Year Ending 9/30	\$700,000 Water and Sewer Refunding Bond	
	Principal	Interest
1999	50,000	25,315
2000	55,000	21,535
2001	60,000	17,365
2002	65,000	12,803
2003	70,000	7,840
Thereafter	70,000	2,625
	<u>\$ 370,000</u>	<u>\$ 87,843</u>

Year Ending 9/30	\$825,000 Series 1990 Revenue Bond	
	Principal	Interest
1999	\$ 35,000	\$ 42,825
2000	35,000	40,515
2001	40,000	38,020
2002	45,000	35,150
2003	45,000	32,068
Thereafter	<u>\$ 430,000</u>	<u>\$ 115,648</u>
	<u>\$ 630,000</u>	<u>\$ 304,226</u>

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(7) Changes in Long-Term Debt

Year Ending 9/30	\$1,370,000 Refunding Series	
	Principal	Interest
1999	\$ 255,000	\$34,091
2000	270,000	21,285
2001	285,000	7,268
	<u>\$ 810,000</u>	<u>\$ 62,644</u>

Year Ending 9/30	\$550,000 Certificates of Participation	
	Principal	Interest
1999	\$ 30,000	\$ 25,198
2000	35,000	23,212
2001	35,000	21,226
2002	40,000	19,040
2003	40,000	16,660
Thereafter	245,000	40,720
	<u>\$ 425,000</u>	<u>\$ 146,056</u>

Year Ending 9/30	\$125,000 Five Year Notes	
	Principal	Interest
1999	\$ 25,000	\$ 998
	<u>\$ 25,000</u>	<u>\$ 998</u>

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(7) Changes in Long-Term Debt

Year Ending 9/30	\$807,757 SRF Loan	
	Principal	Interest
1999	\$ 30,684	\$31,445
2000	32,094	30,036
2001	35,568	28,561
2002	35,111	27,019
2003	36,724	25,406
Thereafter	544,552	149,229
	<u>\$ 712,733</u>	<u>\$ 291,696</u>

(8) Defined Benefit Pension Plan

Plan Description: The City of Petal, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444 PERS.

Funding Policy: PERS members are required to contribute 7.25% of their annual covered salary and the City of Petal is required to contribute at an actuarial determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ending September 30, 1998, 1997, and 1996 were \$115,737, \$107,207, and \$98,656, respectively, equal to the

(9) Ad Valorem Taxes Levied for Other Governmental Entities

As stated in Note 1, Summary of Significant Accounting Policies, this report has been prepared to include the funds and account groups of the City. Section 35-57-1 et seq., Mississippi Code 1972, requires that the City levy and collect all taxes for and on behalf of the municipal separate school district. Section 39-3-7, Mississippi Code 1992, authorizes the City to levy and collect a tax not in excess of three mills for the support of any public library system located within the municipality. **PAGE 89**

Ad valorem taxes collected and settled in accordance with the above-noted statutory authorities are not recognized as revenues and expenditures of the City with the exception of school bonded indebtedness issued prior to March 3, 1987. The accompanying supplemental information schedule "Reconciliation of Tax Assessments to Fund Collections" provides specific assessment and settlement information. For the reported fiscal year the following ad valorem tax levies were made in accordance with the applicable statutory requirements and authorizations:

Entity/Purpose of Levy	Applicable State Law	Mills Levied
School District:		2.65 mills
Minimum Education Program	37-57-1	
Operational Support	37-57-105	54.01 mills
School Bonded Indebtedness (for bonds issued subsequent to March 3, 1987)	37-59-23	5.0 mills

Taxes collected for school bonded indebtedness issued prior to March 3, 1987 and debt service expenditures attributable to such debt is reported in the City's School Bond and Interest Fund (accounted for as a debt service fund). In addition to recording these transactions in a separate debt service fund, the debt attributable to these issues is recorded in the City's General Long-term Debt Group of Accounts.

Due to certain statutory changes and interpretations issued by the State Attorney General's office, the City does not record debt service transactions attributable to school bonds issued subsequent to March 3, 1987. These bond issues are not reported in the City's Long-term Debt Group of Accounts.

**CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

(10) Legal Compliance

A. Budget

The City of Petal has met all requirements set forth by law and prescribed by the State Department of Audit in preparation and monitoring of the budget for the governmental funds of the City of Petal.

B. Purchasing

The City of Petal has in place the procedures required by the State of Mississippi as set forth in Part III of the Municipal Compliance Questionnaire.

C. Property Tax

Property taxes are assessed by the City on a calendar year basis and are considered delinquent as of February 1. Tax sales are held in April and August to recover unpaid property taxes at that date.

State law provides for a 10 percent limitation on increased property tax revenue over the previous year and requires that any excess tax collections are to be placed in escrow and applied against the following years tax revenue. The City did not exceed the 10 percent limitation for the year ended September 30, 1998.

D. Deposits

The City's bank balance at September 30, 1998, was \$2,471,412. This balance was undercollateralized by \$286,528 in violation of state statutes.

**CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

(11) Receivables

Receivables at September 30, 1998 consist of the following:

Receivables	General	Special Revenue	Debt Service	Enterprise	Totals
Accounts	\$ -	\$ -	\$ -	\$ 123,469	\$ 123,469
Franchise fees	45,127	-	-	-	45,127
Sales tax	82,342	-	-	-	82,342
Auto ad valorem	16,349	6,486	4,158	-	26,993
Totals	\$ 143,818	\$ 6,486	\$ 4,158	\$ 123,469	\$ 277,931

Customer accounts receivable in the Enterprise Fund are attributable to unpaid balances for charges through September 30, 1998.

(12) Payables from Restricted Assets

Certain assets of the Water and Sewer Enterprise Fund have been restricted for debt service, customer deposits and construction. These assets consist of cash and certificates of deposit restricted as follows:

Customer deposits	\$ 106,855
Accrued interest	8,615
Bonds and notes payable (current)	115,684
	<u>\$ 231,154</u>

(13) Deferred Charges

On September 30, 1997 the City issued \$825,000 of Water and Sewer Revenue Bonds to finance the extension of the water system and \$26,771 in legal and other issuance

(14) Contributed Capital

CITY OF PETAL
MINUTE BOOK 18

Contributed capital as of September 30, 1998 consists of:

Contributions from Customers	\$ 50,068
Contributions from Federal Government	" 78,882
Contributions from City of Petal	<u>47,936</u>
Total	<u>\$ 176,886</u>

(15) Inventory

The enterprise and general fund inventories are stated at cost. Cost is determined primarily under the first-in, first-out method.

(16) Solid Waste Disposal

Pursuant to Section 17-17-347 of the Mississippi Code Annotated (1972), the City of Petal, Mississippi began accounting for waste disposal and collection in a proprietary fund. The City contracted with Eagle Waste, Inc. to provide waste disposal and collection services for the City. Eagle Waste, Inc. was paid \$317,469 during the year ended September 30, 1998.

(17) Risk Management

The City of Petal is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two separate risk pools to provide coverage for possible losses due to these risks. These pools are described below:

A. Mississippi Municipal Workers' Compensation Group

This pool was formed under the Mississippi Workers' Compensation Act to provide coverage for claims arising from injuries to employees. The City is jointly and severally liable for obligations of the group.

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CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(17) Risk Management (continued)

B. Mississippi Municipal Liability Plan

This pool was formed under inter-local agreements for the purpose of providing the liability coverage prescribed by the Plan for the member municipalities. The pool uses a "service company" to manage the plan's day to day activities.

The City of Petal pays premiums based upon an actuarial assessment of the City's loss experience rate and the plans overall financial condition. The City may be assessed if, at any time, the assets of the plan, in the opinion of the Board of Trustees, are insufficient to discharge its obligations.

(18) Capital Leases

The City is the lessee of Model 580 Super L Loader under a capital lease expiring on March 10, 2002. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of the related lease terms or their estimated useful lives. Depreciation of assets under capital leases is included in the depreciation expense for September 30, 1998.

Following is a summary of property under capital leases:

Model 580 Super L Loader	\$40,392
Less: accumulated depreciation	<u>(4,039)</u>
	<u>\$36,353</u>

CITY OF PETAL, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

(18) Capital Leases (continued)

Minimum future lease payments under capital leases as of September 30, 1998 for the next five years are as follows:

<u>Year ended September 30</u>	<u>Amount</u>
1998	\$ 7,311
1999	7,311
2000	7,311
2001	7,311
2002	<u>13,144</u>
Total minimum lease payments	42,388
Less: interest amount	<u>(5,312)</u>
Present value of net minimum lease payment	<u>\$ 37,076</u>

Interest rate of capital lease is 4.91%.

The City of Petal is the lessee of a New Holland, Model 4630 Tractor under a capital lease expiring December 10, 1999. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments and the fair market value of the asset.

Following is a summary of property under capital leases:

Model 4630 Tractor	<u>\$ 15,274</u>
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(18) Capital Leases (continued)

EXHIBIT "A"

Minimum future lease payments under capital leases of September 30, 1998 are as follows:

<u>Year ended September 30</u>	<u>Amount</u>
1999	\$ 8,544
2000	<u>1,424</u>
Total minimum lease payments	9,968
Less: Interest amount	<u>335</u>
Present value of net minimum lease payments	<u>\$ 9,633</u>

Interest rate is 5.5%.

The City of Petal is the lessee of a 1998 Model Cyclone II fire truck under a capital lease expiring February 11, 2005. The assets and liabilities under capital lease are recorded at the lower of the present value of minimum lease payments or the fair value of the asset.

Following is a summary of property under capital leases:

Model Cyclone II Fire Truck	<u>\$ 179,748</u>
-----------------------------	-------------------

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(18) Capital Leases (continued)

Minimum future lease payments under capital leases of September 30, 1998 are as follows:

<u>Year ended September 30</u>	<u>Amount</u>
1999	\$ 26,843
2000	26,843
2001	26,843
2002	26,843
2003	26,843
Thereafter	<u>38,027</u>
Total minimum lease payments	172,242
Less: interest amount	<u>25,541</u>
Present value of net minimum lease payments	<u>\$ 146,701</u>

(19) Contingencies

Some computer programs were written using two digits rather than four to define the applicable year. As a result, those programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than 2000. This could cause those systems to fail or make miscalculations causing disruption of operations and an inability to carry on normal business activity.

Management of the City believes that the Year 2000 issue will not pose significant operational problems. However, if their software vendor and hardware supplier does not complete modifications and conversions of the City's software and hardware in a timely manner, the Year 2000 Issue could have a material impact on City operations. Additionally, there is no guarantee that the systems of other companies on which the city's systems rely will be converted timely and would not have an adverse effect on the city.

CITY OF PETAL, MISSISSIPPI
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

(19) Contingencies (continued)

B.B.I., Incorporated is coordinating and monitoring the Year 2000 process for the City. The assessment stage is in process and the conversion process will begin in early 1999. Cost estimates for Year 2000 compliance measures indicate that the cost will not be material and no material amount was committed at September 30, 1998.

EXHIBIT "A"

CITY OF PETAL, MISSISSIPPI

SCHEDULE 1
CITY OF PETAL, MISSISSIPPI
-GENERAL FUND - BALANCE SHEET
SEPTEMBER 30, 1998
(With Comparative Totals for September 30, 1997)

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 707,123	\$ 615,002
Receivables	45,127	40,929
Franchise fees		
Due from:	98,691	108,400
Other governments	4,677	4,677
Other funds	<u>1,536</u>	<u>2,738</u>
Inventory at cost	<u>\$ 857,154</u>	<u>\$ 771,746</u>
Total assets		
LIABILITIES		
Bills docketed	\$ 74,479	\$ 52,904
Cash bonds	79,598	68,649
Tax overbids	1,453	1,453
Security deposits	275	340
Due to other funds	<u>9,297</u>	<u>9,297</u>
Total liabilities	<u>165,102</u>	<u>132,643</u>
FUND BALANCE		
Reserved for inventory	1,536	2,738
Reserved for over collection	14,976	
Unreserved	<u>675,540</u>	<u>636,365</u>
Total fund balance	<u>692,052</u>	<u>639,103</u>
Total liabilities and fund balance	<u>\$ 857,154</u>	<u>\$ 771,746</u>

The notes are an integral part of the financial statements.

SCHEDULE 2
CITY OF PETAL, MISSISSIPPI
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	<u>1998</u>	<u>1997</u>
REVENUES		
Property tax	\$ 556,774	492,859
Penalties and interest on delinquent taxes	2,730	9,403
Licenses and permits	46,285	36,019
Franchise fees	188,894	181,623
Homestead exemption	45,998	44,818
State share revenue:		
Sales tax	1,065,900	992,054
Alcoholic beverage levy	900	900
Intergovernmental:		
Gasoline tax	9,874	9,874
Municipal aid	4,398	4,416
Cultural and recreational fees	66,062	75,132
Fines and forfeits	79,779	69,338
Charges for services	1,976	3,604
Prior year taxes	-	1,456
Federal grant sources	53,182	75,428
State grants	24,597	
Sale of equipment	4,628	2,691
Interest	24,120	13,432
Miscellaneous	<u>22,434</u>	<u>212</u>
Total revenues	<u>2,198,531</u>	<u>2,013,259</u>
EXPENDITURES		
General government	450,043	368,597
Public safety	979,193	957,222
Public works	387,811	341,109
Cultural and recreational	223,297	178,108
Health and welfare	29,465	29,033
Debt service	<u>32,832</u>	<u>27,891</u>
Total expenditures	<u>2,102,641</u>	<u>1,902,050</u>

SCHEDULE 1-A
CITY OF PETAL, MISSISSIPPI
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	1998	1997
Excess of revenues over (under) expenditures	95,890	111,209
Other financing sources (uses)		
Donations	-	4,004
Expense reimbursements	-	3,864
Transfers out	(58,216)	(90,141)
Debt proceeds	15,274	-
Total other financing uses	(42,942)	(82,273)
Excess of revenue and other financing sources over expenditures and other financing uses	52,948	28,936
Fund balance - October 1	636,365	606,860
Change in reserve	(13,773)	569
Fund balance - September 30	\$ 675,540	\$ 636,365

SCHEDULE 3-A
CITY OF PETAL, MISSISSIPPI
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

	Fire Protection Fund	Law Enforcement Fund	Road Maintenance Fund	Multi Building Fund	Rental Rehab Fund	MCPPL Law Enforcement Fund	SEECB Fund	Loan Repayment Fund	Rental Rehab Loan Fund	1994 Home Program	Total
Cash	\$ 74,454	\$ 13,262	\$ 105,933	\$ 588	\$ -	\$ 4,133	\$ -	\$ 3,650	\$ 100	\$ 1	\$ 202,121
Receivables	-	-	-	-	38,912	-	-	-	-	-	67,667
Other	-	-	-	-	-	-	-	-	28,755	-	6,486
Due from other governments	-	-	1,754	-	-	4,732	-	-	-	-	6,486
Total assets	\$ 74,454	\$ 13,262	\$ 107,687	\$ 588	\$ 38,912	\$ 8,865	\$ -	\$ 3,650	\$ 28,855	\$ 1	\$ 276,274
LIABILITIES											
Accounts payable	\$ 2,237	\$ 260	\$ 58,779	\$ -	\$ -	\$ 83	\$ -	\$ -	\$ -	\$ -	\$ 61,359
Total liabilities	2,237	260	58,779	-	-	-	-	-	-	-	61,359
EQUITY											
Unreserved	72,217	13,002	48,908	588	38,912	8,782	-	3,650	28,855	1	214,915
Total equity	72,217	13,002	48,908	588	38,912	8,782	-	3,650	28,855	1	214,915
Total Liabilities and Equity	\$ 74,454	\$ 13,262	\$ 107,687	\$ 588	\$ 38,912	\$ 8,865	\$ -	\$ 3,650	\$ 28,855	\$ 1	\$ 276,274

SCHEDULE 3-B
CITY OF PETAL, MISSISSIPPI
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR YEAR ENDED September 30, 1998

	Fire Protection Fund	Law Enforcement Fund	Road Maintenance Fund	Multi Building Fund	Rental Rehab Fund	MCPPL Law Enforcement Fund	SEECB Fund	Loan Repay Fund	Rental Rehab Loan Fund	1994 Home Program	Total
REVENUES											\$104,376
Road maintenance funds	\$ -	\$ -	\$ 104,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	35,342
Municipal fire funds	35,342	-	-	-	-	4,732	-	-	-	-	6,113
Law enforcement funds	-	1,381	-	-	-	99	-	277	1,037	-	4,469
Interest	980	114	1,944	18	-	-	-	-	-	-	19,971
Grants	-	19,971	-	-	-	-	-	-	2,350	-	2,350
Other income	-	-	-	-	-	4,831	-	277	3,387	-	172,621
Total revenues	36,322	21,466	106,320	18	-	4,831	-	277	3,387	-	203,287
EXPENDITURES											142,959
Public safety	187,791	12,650	-	-	-	2,846	-	-	-	-	96,111
Public works	-	-	142,959	-	-	-	-	-	-	-	63,000
Recreation	-	-	-	58,216	-	-	2,027	8,938	52,035	-	505,357
Debt service	37,895	-	-	-	-	-	2,027	8,938	52,035	-	-
Capital outlay	-	-	-	58,216	-	2,846	2,027	8,938	52,035	-	-
Total expenditures	225,586	12,650	142,959	58,216	-	2,846	2,027	8,938	52,035	-	(332,736)
Excess (deficiency) of revenues over (under) expenditures:	(189,364)	8,816	(36,639)	(58,198)	-	1,985	(2,027)	(8,661)	(48,648)	-	58,216
Other financing sources (uses):											159,748
Transfers in (out)	-	-	-	58,216	-	-	-	-	-	-	159,748
Debt proceeds	159,748	-	-	-	(32,138)	-	-	-	(4,177)	-	(36,315)
Debt discharge	-	-	-	-	-	-	-	-	(4,177)	-	181,649
Total other financing sources (uses)	159,748	-	-	58,216	(32,138)	-	-	-	(4,177)	-	181,649

EXHIBIT "A"

SCHEDULE 3-B
CITY OF PETAL, MISSISSIPPI
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Fire Protection Fund	Law Enforcement Fund	Road Maintenance Fund	Multi Building Fund	Rental Rehab Fund	MCPP Law Enforcement Fund	SEECB Fund	Loan Repay Fund	Rental Rehab Loan Repay Fund	1994 Home Program	Total
Excess (deficiency) of revenues and other sources over expenditures and financing uses	(29,616)	8,816	(36,639)	18	(32,138)	1,985	(2,027)	(8,661)	(52,825)	-	(151,087)
Fund balance 10/01/97	101,833	4,186	85,547	570	71,050	6,797	2,027	12,311	81,680	1	366,002
Fund balance 09/30/98	\$ 72,217	\$ 13,002	\$ 48,908	\$ 588	\$ 38,912	\$ 8,782	\$ -	\$ 3,650	\$ 28,855	\$ 1	\$ 214,915

SCHEDULE 4-A
CITY OF PETAL, MISSISSIPPI
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

	2.5 Million Sewer Bond & Interest Fund	SSD Bond and Interest Fund	Total (Memorandum Only)
ASSETS			
Cash	\$ 407,136	\$ 238,811	\$ 645,947
Due from other governments		4,158	4,158
Total Assets	\$ 407,136	\$ 242,969	\$ 650,105
LIABILITIES			
Total Liabilities		125	125
EQUITY			
Reserved for debt service	407,136	242,844	649,980
Total Equity	407,136	242,844	
Total Liability and Fund Equity	\$ 407,136	\$ 242,969	\$ 650,105

SCHEDULE 4-B
CITY OF PETAL, MISSISSIPPI
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	2.5 Million Sewer Bond & Interest Fund	SSD Bond and Interest Fund	Total (Memorandum Only)
REVENUES			
Property tax	\$ 306,891	\$ 231,830	\$ 538,721
Interest earned	12,316	6,789	19,105
Total Revenues	319,207	238,619	557,826
EXPENDITURES			
Debt Service			
Principal	250,000	170,000	420,000
Interest	45,898	61,700	107,598
Agent fees	2,032	335	2,367
Total Expenditures	297,930	232,035	529,965
Excess (deficiency) of revenues over expenditures	21,277	6,584	27,861
Fund balance, October 1, 1997	385,859	236,260	622,119
Fund balance, September 30, 1998	\$ 407,136	\$ 242,844	\$ 649,980

The accompanying notes are an integral part of the financial statements.

EXHIBIT "A"
SCHEDULE 5-A
CITY OF PETAL, MISSISSIPPI
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

	Benefit Fund	Insurance Revolving Fund	Tax Collector's Fund	Totals (Memorandum Only)
ASSETS				
Cash in bank	\$ 45,476	\$ 14,451	\$ 598	\$ 60,525
Total Assets	\$ 45,476	\$ 14,451	\$ 598	\$ 60,525
LIABILITIES				
Due to other governments	\$ -	\$ -	\$ 593	593
Due to other funds	-	-	5	5
Deferred benefits payable	45,476	-	598	46,074
Total Liabilities	45,476	-	598	46,074
FUND BALANCE				
Total liabilities and fund balance	\$ 45,476	\$ 14,451	\$ 598	\$ 60,525

SCHEDULE 5-B
CITY OF PETAL, MISSISSIPPI
TRUST AND AGENCY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Insurance Revolving Fund	Totals (Memorandum Only)
REVENUES		
Interest earned	\$ 227	\$ 227
EXPENDITURES		
Excess of revenue over expenditures	227	227
Fund balance - October 1, 1997	14,224	14,224
Fund balance - September 30, 1998	\$ 14,451	\$ 14,451

SCHEDULE 6-A
CITY OF PETAL, MISSISSIPPI
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

	Water and Sewer Fund	Solid Waste Fund	Total (Memorandum Only)
ASSETS			
Cash			
Receivables	\$ 477,853	\$ 43,738	\$ 521,591
Accounts			
Other	64,422	30,114	94,536
Inventory	18,106	10,827	28,933
Prepaid expense	35,512	-	35,512
Due from other funds	1,055	-	1,055
Restricted assets	92,321	14,547	106,868
Debt service			
Bond contingency	62,975	-	62,975
Bond depreciation	5,046	-	5,046
Bond cushion	5,045	-	5,045
Facility repair	81,830	-	81,830
Property, plant and equipment	197,581	-	197,581
Land and easements			
Improvements	21,994	-	21,994
Water and sewer systems	241,961	-	241,961
Machinery and equipment	5,195,901	-	5,195,901
Accumulated depreciation	321,341	6,684	328,025
Bond issuance cost	(2,247,592)	(6,684)	(2,254,276)
Accumulated amortization	26,771	-	26,771
Capitalized interest	(11,489)	-	(11,489)
Assets held under capital lease	26,721	-	26,721
Total assets	\$ 4,657,746	\$ 99,226	\$ 4,756,972

**CITY OF PETAL
MINUTE BOOK 18**

SCHEDULE 6-A (Continued)
CITY OF PETAL, MISSISSIPPI
ENTERPRISE FUNDS
EXHIBIT BALANCE SHEET
SEPTEMBER 30, 1998

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Memorandum Only</u>
LIABILITIES			
Accounts payable	\$ 64,481		\$ 92,128
Due to other funds	102,243	\$ 27,647	102,243
Customer deposits	106,855	-	106,855
Accrued interest	8,615	-	8,615
Revenue bonds payable	1,000,000	-	1,000,000
Abatement note payable	863,031	-	863,031
Accrued expenses	4,474	351	4,825
Lease payable	<u>31,460</u>	-	<u>31,460</u>
Total Liabilities	<u>2,181,159</u>	<u>27,998</u>	<u>2,209,157</u>
FUND EQUITY			
Contributed capital	128,951	47,935	176,886
Reserved for debt service	413,204	-	413,204
Reserved for repair and replacement	58,543	-	58,543
Unreserved	<u>1,875,889</u>	<u>23,293</u>	<u>1,899,182</u>
Total Equity	<u>2,476,587</u>	<u>71,228</u>	<u>2,547,815</u>
Total Liabilities and Equity	<u>\$ 4,657,746</u>	<u>\$ 99,226</u>	<u>\$ 4,756,972</u>

The notes are an integral part of the financial statements.

SCHEDULE 6-B
CITY OF PETAL, MISSISSIPPI
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
SEPTEMBER 30, 1998

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total (Memorandum Only)</u>
Operating Revenues:			
Charges for services	\$ 722,921	\$ 369,386	\$ 1,092,307
Tap fees	17,470	-	17,470
Connect fees	6,470	-	6,470
Sewer treatment charges	101,850	-	101,850
Interest earned	27,356	543	27,899
Other income	<u>17,991</u>	<u>2,486</u>	<u>20,487</u>
Total revenue	<u>894,058</u>	<u>372,425</u>	<u>1,266,483</u>
Operating Expenses:			
Personnel costs	238,340	13,500	251,840
Supplies and materials	88,110	1,310	89,420
Contractual services	45,642	317,469	363,111
Repairs and maintenance	27,810	-	27,810
Utilities	71,548	-	71,548
Depreciation and amortization	189,091	-	189,091
General and administrative	6,794	-	6,794
Sewer treatment	<u>101,164</u>	-	<u>101,164</u>
Total operating expense	<u>768,492</u>	<u>332,279</u>	<u>1,100,771</u>
Operating income (loss)	<u>125,559</u>	<u>40,146</u>	<u>165,705</u>
Other sources (uses)			
Sale of fixed assets	183	-	183
Transfers in	914,811	-	914,811
Transfers out	(914,811)	-	(914,811)
Interest expense	<u>(110,844)</u>	-	<u>(110,844)</u>
Total other sources (uses)	<u>(110,661)</u>	-	<u>(110,661)</u>
Operating income and other sources (uses)	14,898	40,146	55,044
Retained earnings October 1, 1997	<u>2,332,738</u>	<u>(16,833)</u>	<u>2,315,885</u>
Retained earnings September 30, 1998	<u>\$ 2,347,636</u>	<u>\$ 23,293</u>	<u>\$ 2,370,929</u>

The notes are an integral part of these statements.

SCHEDULE 6-C
CITY OF PETAL, MISSISSIPPI
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
SEPTEMBER 30, 1998

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total (Memorandum Only)</u>
Cash flows from operating activities:			
Cash received from customers	\$ 869,246	\$ 357,185	\$ 1,226,431
Cash paid to suppliers	(316,507)	(316,344)	(632,851)
Cash paid to employees	(241,088)	(13,149)	(254,237)
Net cash provided (used) by operating activities	<u>311,651</u>	<u>27,692</u>	<u>339,343</u>
Cash flows from non-capital financing activities:			
Operating transfers in (net)	-	-	-
Cash flows from capital and related financing activities:			
Sale of capital assets	183	-	183
Acquisition of capital assets	(31,250)	-	(31,250)
Principal paid on bonds	(80,000)	-	(80,000)
Principal paid on notes	(50,228)	-	(50,228)
Principal paid on capital lease	(5,616)	-	(5,616)
Interest paid	<u>(111,296)</u>	-	<u>(111,296)</u>
Net cash provided (used) by capital and related financing activities	<u>(278,207)</u>	-	<u>(278,207)</u>
Cash flows from investing activities			
Interest received	<u>27,356</u>	<u>543</u>	<u>27,899</u>

EXHIBIT "A"

SCHEDULE 6-C (continued)
CITY OF PETAL, MISSISSIPPI
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
SEPTEMBER 30, 1998

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED IN OPERATING ACTIVITIES

	Water and Sewer Fund	Solid Waste Fund	Total (Memorandum Only)
Operating income (loss)	\$ 125,559	\$ 40,146	\$ 165,705
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	189,091	-	189,091
Interest earned	(27,356)	(543)	(27,899)
(Increase) decrease in accounts receivable	(2,972)	(14,056)	(17,028)
Increase (decrease) in accounts payable	24,561	2,435	26,996
(Increase) decrease in customer deposits	2,895	-	2,895
Increase (decrease) in accrued expenses	(127)	(290)	(417)
Net cash provided (used) by operating activities	<u>\$ 311,651</u>	<u>\$ 27,692</u>	<u>\$ 339,343</u>
Other required disclosures:			
Interest expense	\$ 110,844	-	\$ 110,844
Interest paid	111,296	-	111,296

CITY OF PETAL, MISSISSIPPI

OTHER SUPPLEMENTAL INFORMATION

CITY OF PETAL, MISSISSIPPI
SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 1998

Name	Position	Company	Bond
Jack Gay, Jr.	Mayor	USF&G	10,000
Leroy Scott	Alderman Ward 4	USF&G	10,000
Robert F. Langford	Alderman Ward 1	USF&G	10,000
Charles E. Holbrook	Alderman Ward 3	USF&G	10,000
Donald H. Rowell	Alderman Ward 2	USF&G	10,000
Willie W. Hinton	Alderman at Large	USF&G	10,000
Priscilla C. Daniel	City Clerk	USF&G	50,000
Jean Marie Ishee	Accounting Clerk	Aetna Life	10,000
Cecelia A. Breland	Water Department Cashier	Aetna Life	10,000
Ava Pickett	Deputy Clerk	Aetna Life	10,000
Rodney Jarrell	Police Chief	Aetna Life	50,000

EXHIBIT "A"

Wright, King & Company, P.A.

Certified Public Accountants
#10 Plaza Drive
P.O. Box 16433
Hattiesburg, MS 39402
(601) 238-3135 - (601) 261-3922 - Fax

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Ann Scott Henderson, CPA
Samantha J. Kirschbaum, CPA

Members
Mississippi Society Of
Certified Public Accountants

American Institute of
Certified Public Accountants

MANAGEMENT REPORT

Mayor and Board of Aldermen
City of Petal, Mississippi

We have audited the general purpose financial statements of the City of Petal for the year ended September 30, 1998, and have issued our report dated December 21, 1998, thereon.

Our audit was conducted in accordance with generally accepted auditing standards and procedures prescribed by the State Department of Audit, and accordingly included such other auditing procedures as we deemed necessary.

During the course of our audit we detected no matters that would have a material effect on the financial statements or deviations from generally accepted accounting principles.

We would like to make the following suggestions to the City in the area of accounting control and procedures:

A. Water and Sewer Department

- 1) Check with BBI about interfacing the billing process with the general ledger so that the accounts receivable balance in financial statements will be current and reconcilable.
- 2) Go to online processing of cash receipts at teller window in the same manner as is currently being done for permits and tax receipts.

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Management Report
Page Two
December 21, 1998

B. Court Clerk

- 1) Go to online issuance of cash receipts and updating of outstanding fines.
- 2) Collect fines at court date if possible.

C. Civic Center

- 1) Develop online calendar for booking rooms.
- 2) Develop log of deposits in conjunction with calendar.

D. Recreation

- 1) Cash out concessions on a daily basis and reduce inventories to minimal quantities.
- 2) Limit access to concession areas.

We hope that the Board will consider these suggestions and will be happy to assist the City in implementing any and all of the suggestions.

Sincerely,

WRIGHT, KING & COMPANY, P.A.
Hattiesburg, Mississippi
December 21, 1998

EXHIBIT "B"

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the Controlling Law.

STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES

Prepared by

ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

and

Issued and Published Jointly By



AMERICAN CONSULTING
ENGINEERS COUNCIL



**National Society of
Professional Engineers**
Professional Engineers in Private Practice



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PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
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AMERICAN CONSULTING ENGINEERS COUNCIL

AMERICAN SOCIETY OF CIVIL ENGINEERS

This Agreement has been prepared for use with the Standard General Conditions of the Construction Contract (No. 1910-8, 1996 Edition) of the Engineers Joint Contract Documents Committee. Their provisions are interrelated, and a change in one may necessitate a change in the other. For guidance in the preparation of Supplementary Conditions, see Guide to the Preparation of Supplementary Conditions (No. 1910-17) (1996 Edition). For guidance on the completion and use of this Agreement, see EJCDC Users Guide, No. 1910-50.

EXHIBIT "B"

ARTICLE 1 - SERVICES OF ENGINEER

1.01 Scope

A. ENGINEER shall provide the Basic and Additional Services set forth herein and in Exhibit A.

B. Upon this Agreement becoming effective, ENGINEER is authorized to begin Basic Services as set forth in Exhibit A.

C. If authorized by OWNER, ENGINEER shall furnish Resident Project Representative(s) with duties, responsibilities and limitations of authority as set forth in Exhibit D.

ARTICLE 2 - OWNER'S RESPONSIBILITIES

2.01 General

A. OWNER shall have the responsibilities set forth herein and in Exhibit B.

ARTICLE 3 - TIMES FOR RENDERING SERVICES

3.01 General

A. ENGINEER's services and compensation under this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion. Unless specific periods of time or specific dates for providing services are specified in this Agreement, ENGINEER's obligation to render services hereunder will be for a period which may reasonably be required for the completion of said services.

B. If in this Agreement specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided, and if such periods of time or dates are changed through no fault of ENGINEER, the rates and amounts of compensation provided for herein shall be subject to equitable adjustment. If OWNER has requested changes in the scope, extent, or character of the Project, the time of performance of ENGINEER's services shall be adjusted equitably.

C. For purposes of this Agreement the term "day" means a calendar day of 24 hours.

3.02 Suspension

A. If OWNER fails to give prompt written authorization to proceed with any phase of services after completion of the immediately preceding phase, or if ENGINEER's services are delayed through no fault of ENGINEER, ENGINEER may, after giving seven days written notice to OWNER, suspend services under this Agreement.

B. If ENGINEER's services are delayed or suspended in whole or in part by OWNER, or if ENGINEER's services are extended by Contractor's actions or inactions for more than 90 days through no fault of ENGINEER, ENGINEER shall be entitled to equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect, reasonable costs incurred by ENGINEER in connection with, among other things, such delay or suspension and reactivation and the fact that the time for performance under this Agreement has been revised.

ARTICLE 4 - PAYMENTS TO ENGINEER

4.01 Methods of Payment for Services and Reimbursable Expenses of ENGINEER

A. *For Basic Services.* OWNER shall pay ENGINEER for Basic Services performed or furnished under Exhibit A, Part 1, as set forth in Exhibit C.

B. *For Additional Services.* OWNER shall pay ENGINEER for Additional Services performed or furnished under Exhibit A, Part 2, as set forth in Exhibit C.

C. *For Reimbursable Expenses.* In addition to payments provided for in paragraphs 4.01.A and 4.01.B, OWNER shall pay ENGINEER for Reimbursable Expenses incurred by ENGINEER and ENGINEER's Consultants as set forth in Exhibit C.

4.02 Other Provisions Concerning Payments

A. *Preparation of Invoices.* Invoices will be prepared in accordance with ENGINEER's standard invoicing practices and will be submitted to OWNER by ENGINEER, unless otherwise agreed. The amount billed in each invoice will be calculated as set forth in Exhibit C.

B. *Payment of Invoices.* Invoices are due and payable within 30 days of receipt. If OWNER fails to make any payment due ENGINEER for services and expenses within 30 days after receipt of ENGINEER's invoice therefor, the amounts due ENGINEER will be increased at the rate of 1.0% per month (or the maximum rate of interest per-

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law, if less) from said thirtieth day. In addition, ENGINEER may, after giving seven days written notice to OWNER, suspend services under this Agreement until ENGINEER has been paid in full all amounts due for services, expenses, and other related charges. Payments will be credited first to interest and then to principal.

C. *Disputed Invoices.* In the event of a disputed or contested invoice, only that portion so contested may be withheld from payment, and the undisputed portion will be paid.

D. *Payments Upon Termination.*

1. In the event of any termination under paragraph 6.06, ENGINEER will be entitled to invoice OWNER and will be paid in accordance with Exhibit C for all services performed or furnished and all Reimbursable Expenses incurred through the effective date of termination.

2. In the event of termination by OWNER for convenience or by ENGINEER for cause, ENGINEER, in addition to invoicing for those items identified in subparagraph 4.02.D.1, shall be entitled to invoice OWNER and shall be paid a reasonable amount for services and expenses directly attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with ENGINEER's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit C.

E. *Records of ENGINEER's Costs.* Records of ENGINEER's costs pertinent to ENGINEER's compensation under this Agreement shall be kept in accordance with generally accepted accounting practices. To the extent necessary to verify ENGINEER's charges and upon OWNER's timely request, copies of such records will be made available to OWNER at cost.

F. *Legislative Actions.* In the event of legislative actions after the Effective Date of the Agreement by any level of government that impose taxes, fees, or costs on ENGINEER's services or other costs in connection with this Project or compensation therefor, such new taxes, fees, or costs shall be invoiced to and paid by OWNER as a reimbursable Expense to which a Factor of 1.0 shall be applied. Should such taxes, fees, or costs be imposed, they shall be in addition to ENGINEER's estimated total compensation.

ARTICLE 5 - OPINIONS OF COST

5.01 Opinions of Probable Construction Cost

A. ENGINEER's opinions of probable Construction Cost provided for herein are to be made on the basis of ENGINEER's experience and qualifications and represent ENGINEER's best judgment as an experienced and qualified professional generally familiar with the industry. However, since ENGINEER has no control over the cost of labor, materials, equipment, or services furnished by others, or over the Contractor's methods of determining prices, or over competitive bidding or market conditions, ENGINEER cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by ENGINEER. If OWNER wishes greater assurance as to probable Construction Cost, OWNER shall employ an independent cost estimator as provided in Exhibit B.

5.02 Designing to Construction Cost Limit

A. If a Construction Cost limit is established between OWNER and ENGINEER, such Construction Cost limit and a statement of ENGINEER's rights and responsibilities with respect thereto will be specifically set forth in Exhibit F, "Construction Cost Limit," to this Agreement.

5.03 Opinions of Total Project Costs

A. ENGINEER assumes no responsibility for the accuracy of opinions of Total Project Costs.

ARTICLE 6 - GENERAL CONSIDERATIONS

6.01 Standards of Performance

A. The standard of care for all professional engineering and related services performed or furnished by ENGINEER under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

B. ENGINEER shall be responsible for the technical accuracy of its services and documents resulting therefrom, and OWNER shall not be responsible for discovering deficiencies therein. ENGINEER shall correct such deficiencies without additional compensation except to the

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extent such action is directly attributable to deficiencies in OWNER-furnished information.

C. ENGINEER shall perform or furnish professional engineering and related services in all phases of the Project to which this Agreement applies. ENGINEER shall serve as OWNER's prime professional for the Project. ENGINEER may employ such ENGINEER's Consultants as ENGINEER deems necessary to assist in the performance or furnishing of the services. ENGINEER shall not be required to employ any ENGINEER's Consultant unacceptable to ENGINEER.

D. ENGINEER and OWNER shall comply with applicable Laws or Regulations and OWNER-mandated standards. This Agreement is based on these requirements as of its Effective Date. Changes to these requirements after the Effective Date of this Agreement may be the basis for modifications to OWNER's responsibilities or to ENGINEER's scope of services, times of performance, or compensation.

E. OWNER shall be responsible for, and ENGINEER may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by OWNER to ENGINEER pursuant to this Agreement. ENGINEER may use such requirements, reports, data, and information in performing or furnishing services under this Agreement.

F. OWNER shall make decisions and carry out its other responsibilities in a timely manner and shall bear all costs incident thereto so as not to delay the services of ENGINEER.

G. Prior to the commencement of the Construction Phase, OWNER shall notify ENGINEER of any variations from the language indicated in Exhibit E, "Notice of Acceptability of Work," or of any other notice or certification that ENGINEER will be requested to provide to OWNER or third parties in connection with the Project. OWNER and ENGINEER shall reach agreement on the terms of any such requested notice or certification, and OWNER shall authorize such Additional Services as are necessary to enable ENGINEER to provide the notices or certifications requested.

H. ENGINEER shall not be required to sign any documents, no matter by whom requested, that would result in the ENGINEER's having to certify, guarantee or warrant the existence of conditions whose existence the ENGINEER cannot ascertain. OWNER agrees not to make resolution of any dispute with the ENGINEER or payment of any amount due to the ENGINEER in any way contingent upon the ENGINEER's signing any such certification.

I. During the Construction Phase, ENGINEER shall not supervise, direct, or have control over Contractor's work, nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to the Contractor's work in progress, nor for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work.

J. ENGINEER neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform the Work in accordance with the Contract Documents.

K. ENGINEER shall not be responsible for the acts or omissions of any Contractor(s), subcontractor or supplier, or of any of the Contractor's agents or employees or any other persons (except ENGINEER's own employees) at the Site or otherwise furnishing or performing any of the Contractor's work; or for any decision made on interpretations or clarifications of the Contract Documents given by OWNER without consultation and advice of ENGINEER.

L. The General Conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract" as prepared by the Engineers Joint Contract Documents Committee (Document No. 1910-8, 1996 Edition) unless both parties mutually agree to use other General Conditions as specifically referenced in Exhibit J.

6.02 Authorized Project Representatives

A. Contemporaneous with the execution of this Agreement, ENGINEER and OWNER shall designate specific individuals to act as ENGINEER's and OWNER's representatives with respect to the services to be performed or furnished by ENGINEER and responsibilities of OWNER under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and render decisions relative to the Project on behalf of each respective party.

6.03 Design without Construction Phase Services

A. Should OWNER provide Construction Phase services with either OWNER's representatives or a third party, ENGINEER's Basic Services under this Agreement will be considered to be completed upon completion of the Final Design Phase or Bidding or Negotiating Phase as outlined in Exhibit A.

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rights of recovery against any of the insureds or additional insureds thereunder.

F. At any time, OWNER may request that ENGINEER, at OWNER's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those specified in Exhibit G. If so requested by OWNER, with the concurrence of ENGINEER, and if commercially available, ENGINEER shall obtain and shall require ENGINEER's Consultants to obtain such additional insurance coverage, different limits, or revised deductibles for such periods of time as requested by OWNER, and Exhibit G will be supplemented to incorporate these requirements.

6.06 Termination

A. The obligation to provide further services under this Agreement may be terminated:

1. For cause,

a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

b. By ENGINEER:

1) upon seven days written notice if ENGINEER believes that ENGINEER is being requested by OWNER to furnish or perform services contrary to ENGINEER's responsibilities as a licensed professional; or

2) upon seven days written notice if the ENGINEER's services for the Project are delayed or suspended for more than 90 days for reasons beyond ENGINEER's control.

3) ENGINEER shall have no liability to OWNER on account of such termination.

c. Notwithstanding the foregoing, this Agreement will not terminate as a result of such substantial failure if the party receiving such notice begins, within seven days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same,

then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience,

a. By OWNER effective upon the receipt of notice by ENGINEER.

B. The terminating party under paragraphs 6.06.A.1 or 6.06.A.2 may set the effective date of termination at a time up to 30 days later than otherwise provided to allow ENGINEER to demobilize personnel and equipment from the Site, to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

6.07 Controlling Law

A. This Agreement is to be governed by the law of the state in which the Project is located.

6.08 Successors, Assigns, and Beneficiaries

A. OWNER and ENGINEER each is hereby bound and the partners, successors, executors, administrators and legal representatives of OWNER and ENGINEER (and to the extent permitted by paragraph 6.08.B the assigns of OWNER and ENGINEER) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

B. Neither OWNER nor ENGINEER may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by OWNER or ENGINEER to any Contractor, Contractor subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them.

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2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and ENGINEER and not for the benefit of any other party. The OWNER agrees that the substance of the provisions of this paragraph 6.08.C shall appear in the Contract Documents.

"arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), which are or may be encountered at or near the Site in connection with ENGINEER's activities under this Agreement.

6.09 Dispute Resolution

A. OWNER and ENGINEER agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to exercising their rights under Exhibit H or other provisions of this Agreement, or under law. In the absence of such an agreement, the parties may exercise their rights under law.

F. If ENGINEER's services under this Agreement cannot be performed because of a Hazardous Environmental Condition, the existence of the condition shall justify ENGINEER's terminating this Agreement for cause on 30 days notice.

B. If and to the extent that OWNER and ENGINEER have agreed on a method and procedure for resolving disputes between them arising out of or relating to this Agreement, such dispute resolution method and procedure is forth in Exhibit H, "Dispute Resolution."

6.11 Allocation of Risks

Hazardous Environmental Condition

A. Indemnification

A. OWNER represents to Engineer that to the best of its knowledge a Hazardous Environmental Condition does not exist.

1. To the fullest extent permitted by law, ENGINEER shall indemnify and hold harmless OWNER, OWNER's officers, directors, partners, and employees from and against any and all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of ENGINEER or ENGINEER's officers, directors, partners, employees, and ENGINEER's Consultants in the performance and furnishing of ENGINEER's services under this Agreement.

B. OWNER has disclosed to the best of its knowledge to ENGINEER the existence of all Asbestos, PCB's, Petroleum, Hazardous Waste, or Radioactive Material located at or near the Site, including type, quantity and location.

2. To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER, ENGINEER's officers, directors, partners, employees, and ENGINEER's Consultants from and against any and all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omissions of OWNER or OWNER's officers, directors, partners, employees, and OWNER's consultants with respect to this Agreement or the Project.

C. If a Hazardous Environmental Condition is encountered or alleged, ENGINEER shall have the obligation to notify OWNER and, to the extent of applicable Laws and Regulations, appropriate governmental officials.

D. It is acknowledged by both parties that ENGINEER's scope of services does not include any services related to a Hazardous Environmental Condition. In the event ENGINEER or any other party encounters a Hazardous Environmental Condition, ENGINEER may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until OWNER: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (ii) warrants that the Site is in full compliance with applicable Laws and Regulations.

3. To the fullest extent permitted by law, ENGINEER's total liability to OWNER and anyone claiming by, through, or under OWNER for any cost, loss, or damages caused in part by the negligence of ENGINEER and in part by the negligence of OWNER or any other negligent entity or individual, shall not exceed the percentage share that ENGINEER's negligence bears to the total negligence of OWNER, ENGINEER, and all other negligent entities and individuals.

E. OWNER acknowledges that ENGINEER is performing professional services for OWNER and that ENGINEER is not and shall not be required to become an

4. In addition to the indemnity provided under paragraph 6.11.A.2 of this Agreement, and to the fullest

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extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER and its officers, directors, partners, employees, and ENGINEER's Consultants from and against all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from a Hazardous Environmental Condition, provided that (i) any such cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than completed Work), including the loss of use resulting therefrom, and (ii) nothing in this paragraph 6.11.A.4. shall obligate OWNER to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.

5. The indemnification provision of paragraph 6.11.A.1 is subject to and limited by the provisions agreed to by OWNER and ENGINEER in Exhibit I, "Allocation of Risks," if any.

6.12 Notices

A. Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

6.13 Survival

A. All express representations, indemnifications, or limitations of liability included in this Agreement will survive its completion or termination for any reason.

6.14 Severability

A. Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and ENGINEER, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

6.15 Waiver

A. Non-enforcement of any provision by either party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

6.16 Headings

A. The headings used in this Agreement are for general reference only and do not have special significance.

ARTICLE 7 - DEFINITIONS

7.01 Defined Terms

A. Wherever used in this Agreement (including the Exhibits hereto) and printed with initial or all capital letters, the terms listed below have the meanings indicated, which are applicable to both the singular and plural thereof:

1. *Addenda*--Written or graphic instruments issued prior to the opening of Bids which clarify, correct, or change the Bidding Documents.

2. *Additional Services*--The services to be performed for or furnished to OWNER by ENGINEER in accordance with Exhibit A, Part 2 of this Agreement.

3. *Agreement*--This "Standard Form of Agreement between OWNER and ENGINEER for Professional Services," including those Exhibits listed in Article 8 hereof.

4. *Application for Payment*--The form acceptable to ENGINEER which is to be used by Contractor in requesting progress or final payments for the completion of its Work and which is to be accompanied by such supporting documentation as is required by the Contract Documents.

5. *Asbestos*--Any material that contains more than one percent asbestos and is friable or is releasing asbestos fibers into the air above current action levels established by the United States Occupational Safety and Health Administration.

6. *Basic Services*--The services to be performed for or furnished to OWNER by ENGINEER in accordance with Exhibit A, Part 1, of this Agreement.

7. *Bid*--The offer or proposal of the bidder submitted on the prescribed form setting forth the prices for the Work to be performed.

8. *Bidding Documents*--The advertisement or invitation to Bid, instructions to bidders, the Bid form and attachments, the Bid bond, if any, the proposed Contract Documents, and all Addenda, if any.

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9. *Change Order*--A document recommended by ENGINEER, which is signed by Contractor and OWNER to authorize an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Contract Times, issued on or after the Effective Date of the Construction Agreement.

10. *Construction Agreement*--The written instrument which is evidence of the agreement, contained in the Contract Documents, between OWNER and Contractor covering the Work.

11. *Construction Contract*--The entire and integrated written agreement between the OWNER and Contractor concerning the Work.

12. *Construction Cost*--The cost to OWNER of those portions of the entire Project designed or specified by ENGINEER. Construction Cost does not include costs of services of ENGINEER or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to OWNER pursuant to Exhibit B of this Agreement. Construction Cost is one of the items comprising Total Project Costs.

13. *Contract Documents*--Documents that establish the rights and obligations of the parties engaged in construction and include the Construction Agreement between OWNER and Contractor, Addenda (which pertain to the Contract Documents), Contractor's Bid (including documentation accompanying the Bid and any post-Bid documentation submitted prior to the notice of award) when attached as an exhibit to the Construction Agreement, the notice to proceed, the bonds, appropriate certifications, the General Conditions, the Supplementary Conditions, the Specifications and the Drawings as the same are more specifically identified in the Construction Agreement, together with all Written Amendments, Change Orders, Work Change Directives, Field Orders, and ENGINEER's written interpretations and clarifications issued on or after the Effective Date of the Construction Agreement. Approved Shop Drawings and the reports and drawings of subsurface and physical conditions are not Contract Documents.

14. *Contract Price*--The moneys payable by OWNER to Contractor for completion of the Work in accordance with the Contract Documents and as stated in the Construction Agreement.

15. *Contract Times*--The numbers of days or the dates stated in the Construction Agreement to: (i) achieve Substantial Completion, and (ii) complete the Work so that it is ready for final payment as evidenced by ENGINEER's written recommendation of final payment.

16. *Contractor*--An individual or entity with whom OWNER enters into a Construction Agreement.

17. *Correction Period*--The time after Substantial Completion during which Contractor must correct, at no cost to OWNER, any Defective Work, normally one year after the date of Substantial Completion or such longer period of time as may be prescribed by Laws or Regulations or by the terms of any applicable special guarantee or specific provision of the Contract Documents.

18. *Defective*--An adjective which, when modifying the word Work, refers to Work that is unsatisfactory, faulty, or deficient, in that it does not conform to the Contract Documents, or does not meet the requirements of any inspection, reference standard, test, or approval referred to in the Contract Documents, or has been damaged prior to ENGINEER's recommendation of final payment.

19. *Documents*--Data, reports, Drawings, Specifications, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by ENGINEER to OWNER pursuant to this Agreement.

20. *Drawings*--That part of the Contract Documents prepared or approved by ENGINEER which graphically shows the scope, extent, and character of the Work to be performed by Contractor. Shop Drawings are not Drawings as so defined.

21. *Effective Date of the Construction Agreement*--The date indicated in the Construction Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Construction Agreement is signed and delivered by the last of the two parties to sign and deliver.

22. *Effective Date of the Agreement*--The date indicated in this Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.

23. *ENGINEER's Consultants*--Individuals or entities having a contract with ENGINEER to furnish services

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with respect to this Project as ENGINEER's independent professional associates, consultants, subcontractors, or vendors. The term ENGINEER includes ENGINEER's Consultants.

24. *Field Order*--A written order issued by ENGINEER which directs minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.

25. *General Conditions*--That part of the Contract Documents which sets forth terms, conditions, and procedures that govern the Work to be performed or furnished by Contractor with respect to the Project.

26. *Hazardous Environmental Condition*--The presence at the Site of Asbestos, PCB's, Petroleum, Hazardous Waste, or Radioactive Materials in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto in connection with the Work.

27. *Hazardous Waste*--The term Hazardous Waste shall have the meaning provided in Section 1004 of the Solid Waste Disposal Act (42 USC Section 6903) as amended from time to time.

28. *Laws and Regulations; Laws or Regulations*--Any and all applicable laws, rules, regulations, ordinances, codes, standards, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

29. *PCB's*--Polychlorinated biphenyls.

30. *Petroleum*--Petroleum, including crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute), such as oil, petroleum, fuel oil, oil sludge, oil refuse, gasoline, kerosene, and oil mixed with other non-Hazardous Waste and crude oils.

31. *Radioactive Materials*--Source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954 (42 USC Section 2011 et seq.) as amended from time to time.

32. *Record Drawings*--The Drawings as issued for construction on which the ENGINEER, upon completion of the Work, has shown changes due to Addenda or Change Orders and other information which ENGINEER considers significant based on record documents furnished by Contractor to ENGINEER and which were annotated by Contractor to show changes made during construction.

33. *Reimbursable Expenses*--The expenses incurred directly by ENGINEER in connection with the performing or furnishing of Basic and Additional Services for the Project for which OWNER shall pay ENGINEER as indicated in Exhibit C.

34. *Resident Project Representative*--The authorized representative of ENGINEER, if any, assigned to assist ENGINEER at the Site during the Construction Phase. The Resident Project Representative will be ENGINEER's agent or employee and under ENGINEER's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to by OWNER. The duties and responsibilities of the Resident Project Representative are as set forth in Exhibit D.

35. *Samples*--Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.

36. *Shop Drawings*--All drawings, diagrams, illustrations, schedules, and other data or information which are specifically prepared or assembled by or for Contractor and submitted by Contractor to ENGINEER to illustrate some portion of the Work.

37. *Site*--Lands or areas indicated in the Contract Documents as being furnished by OWNER upon which the Work is to be performed, rights-of-way and easements for access thereto, and such other lands furnished by OWNER which are designated for use of Contractor.

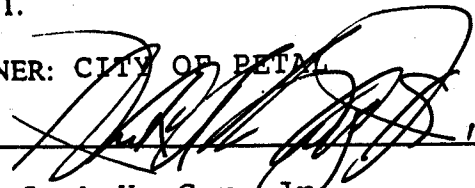
38. *Specifications*--That part of the Contract Documents consisting of written technical descriptions of materials, equipment, systems, standards, and workmanship as applied to the Work and certain administrative details applicable thereto.

39. *Substantial Completion*--The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of ENGINEER, the Work (or a specified part thereof) is sufficiently complete, in accordance with the Contract Documents, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended. The terms "substantially complete" and "substantially completed" as applied to all or part of the Work refer to Substantial Completion thereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

OWNER: CITY OF PETAL


By: Jack H. Gay, Jr.

Title: Mayor

Date Signed: _____

Address for giving notices:

P. O. Box 564
Petal, MS 39465

Designated Representative (paragraph 6.02.A):

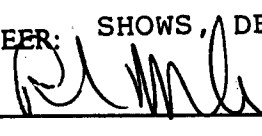
Title: _____

Phone Number: _____

Facsimile Number: _____

E-Mail Address: _____

ENGINEER: SHOWS, DEARMAN & WAITS, INC.


By: Raymond M. Dearman

Title: President

Date Signed: January 19, 1999

Address for giving notices:

P. O. Box 1711
Hattiesburg, MS 39403

Designated Representative (paragraph 6.02.A):

Title: _____

Phone Number: _____

Facsimile Number: _____

E-Mail Address: _____

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40. *Supplementary Conditions*--That part of the Contract Documents which amends or supplements the General Conditions.

41. *Total Project Costs*--The sum of the Construction cost, allowances for contingencies, the total costs of services of ENGINEER or other design professionals and consultants, cost of land, rights-of-way, or compensation or damages to properties, or OWNER's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to OWNER pursuant to Exhibit B of this Agreement.

42. *Work*--The entire completed construction or the various separately identifiable parts thereof required to be provided under the Contract Documents with respect to this Project. Work includes and is the result of performing or furnishing labor, services, and documentation necessary to produce such construction and furnishing, installing, and incorporating all materials and all equipment into such construction, all as required by the Contract Documents.

43. *Work Change Directive*--A written directive to Contractor issued on or after the Effective Date of the Construction Agreement and signed by OWNER upon recommendation of the ENGINEER, ordering an addition, deletion, or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times but is evidence that the parties expect that the change directed or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

44. *Written Amendment*--A written amendment of the Contract Documents signed by OWNER and Contractor on or after the Effective Date of the Construction Agreement and normally dealing with the non-engineering or non-technical rather than strictly construction-related aspects of the Contract Documents.

ARTICLE 8 - EXHIBITS AND SPECIAL PROVISIONS

8.01 Exhibits Included

A. Exhibit A, "ENGINEER's Services," consisting of 9 pages.

B. Exhibit B, "OWNER's Responsibilities," consisting of 3 pages.

C. Exhibit C, "Payments to Engineer for Services and Reimbursable Expenses," consisting of 3 pages.

D. Exhibit D, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative," consisting of 5 pages.

E. Exhibit E, "Notice of Acceptability of Work," consisting of N/A pages.

F. Exhibit F, "Construction Cost Limit," consisting of N/A pages.

G. Exhibit G, "Insurance," consisting of N/A pages.

H. Exhibit H, "Dispute Resolution," consisting of N/A pages.

I. Exhibit I, "Allocation of Risks," consisting of N/A pages.

J. Exhibit J, "Special Provisions," consisting of N/A pages.

8.02 Total Agreement

A. This Agreement (consisting of pages 1 to inclusive, together with the Exhibits identified above) constitutes the entire agreement between OWNER and ENGINEER and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

EXHIBIT "B"

7.1.2 Termination of Contract for Cause

If, through any cause, the ENGINEER shall fail to fulfill in timely and proper manner his obligations under this Contract, or if the ENGINEER shall violate any of the covenants, agreements, or stipulations of this Contract, the OWNER shall thereupon have the right to terminate this Contract by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least seven days before the effective date of such termination. Notwithstanding the above, the ENGINEER shall not be relieved of liability to the OWNER for damages sustained by the City by virtue of any breach of the Contract by the ENGINEER, and the OWNER may withhold any payments to the ENGINEER for the purpose of setoff until such time as the exact amount of damages due the OWNER from the ENGINEER is determined.

.2 Ownership of Documents

All records, including notes, plans and designed, sketches, charts, maps worksheets and other data shall be delivered to and become the property of the OWNER, except that the ENGINEER may retain a copy of all data for their records. The OWNER shall in no way be limited in the subsequent use of the development material of ideas resulting in or from the development of the Project.

7.2.1 Access to and Retention of Records

7.2.1.1 The ENGINEER shall allow authorized representatives of the OWNER and appropriate and concerned agencies of the state and federal government access to any records of the ENGINEER which are directly pertinent to the Project which is the subject of this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

7.2.1.2 All records pertinent to the Project shall be retained by the ENGINEER for the period of three years from the date of completion of services provided under this Agreement.

7.2.2 Standard HUD Contractual Clauses

The standard contractual clauses required by the United States Department of Housing and Urban Development are contained in Exhibit A "Standard HUD Contractual Requirements" which is to be identified, attached to and made a part of this Agreement.

EXHIBIT "B"

SUGGESTED FORMAT
(for use with 1910-1, 1996 Edition)

This is EXHIBIT A, consisting of 9 pages, referred to in and part of the Agreement between OWNER and ENGINEER for Professional Services dated _____.

Initial:
OWNER _____
ENGINEER _____

ENGINEER's Services

Article 1 of the Agreement is amended and supplemented to include the following agreement of the parties. ENGINEER shall provide Basic and Additional Services as set forth below.

PART 1 -- BASIC SERVICES

A1.01 Study and Report Phase

A. ENGINEER shall:

1. Consult with OWNER to define and clarify OWNER's requirements for the Project and available data.
2. Advise OWNER as to the necessity of OWNER's providing data or services of the types described in Exhibit B which are not part of ENGINEER's Basic Services, and assist OWNER in obtaining such data and services.
3. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project designed or specified by ENGINEER, including but not limited to mitigating measures identified in the environmental assessment.
4. Identify and evaluate N/A alternate solutions available to OWNER and, after consultation with OWNER, recommend to OWNER those solutions which in ENGINEER's judgment meet OWNER's requirements for the Project.
5. Prepare a report (the "Report") which will, as appropriate, contain schematic layouts, sketches and conceptual design criteria with appropriate exhibits to indicate the agreed-to requirements, considerations involved, and those alternate solutions available to OWNER which ENGINEER recommends. This Report will be accompanied by ENGINEER's opinion of Total Project Costs for each solution which is so recommended for the Project with each component separately itemized, including the following, which will be separately itemized: opinion of probable Construction Cost, allowances for contingencies and for the estimated total costs of design, professional, and related services provided by ENGINEER and, on the basis of information furnished by OWNER, allowances for other items and services included within the definition of Total Project Costs.
6. Perform or provide the following additional Study and Report Phase tasks or deliverables:
7. Furnish N/A review copies of the Report to OWNER within N/A days of authorization to begin services and review it with OWNER.
8. Revise the Report in response to OWNER's and other parties' comments, as appropriate, and furnish N/A final copies of the revised Report to the OWNER within N/A days after completion of reviewing it with OWNER.

B. ENGINEER's services under the Study and Report Phase will be considered complete on the date when the final copies of the revised Report have been delivered to OWNER.

EXHIBIT "B"

A1.02 *Preliminary Design Phase*

A. After acceptance by OWNER of the Report, selection by OWNER of a recommended solution and indication of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by OWNER, and upon written authorization from OWNER, ENGINEER shall:

1. On the basis of the above acceptance, selection, and authorization, prepare Preliminary Design Phase documents consisting of final design criteria, preliminary drawings, outline specifications and written descriptions of the Project.
2. Provide necessary field surveys and topographic and utility mapping for design purposes. Utility mapping will be based upon information obtained from utility owners.
3. Advise OWNER if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist OWNER in obtaining such reports, data, information, or services.
4. Based on the information contained in the Preliminary Design Phase documents, submit a revised opinion of probable Construction Cost and any adjustments to Total Project Costs known to ENGINEER, which will be itemized as provided in paragraph A1.01.A.5.
5. Perform or provide the following additional Preliminary Design Phase tasks or deliverables:
6. Furnish the Preliminary Design Phase documents to and review them with OWNER.
7. Submit to OWNER N final copies of the Preliminary Design Phase documents and revised opinion of probable Construction Cost within N days after authorization to proceed with this phase.

B. ENGINEER's services under the Preliminary Design Phase will be considered complete on the date when final copies of the Preliminary Design Phase documents have been delivered to OWNER.

A1.03 *Final Design Phase*

A. After acceptance by OWNER of the Preliminary Design Phase documents and revised opinion of probable Construction Cost as determined in the Preliminary Design Phase, but subject to any OWNER-directed modifications or changes in the scope, extent, character, or design requirements of or for the Project, and upon written authorization from OWNER, ENGINEER shall:

1. On the basis of the above acceptance, direction, and authorization, prepare final Drawings indicating the scope, extent, and character of the Work to be performed and furnished by Contractor. Specifications will be prepared, where appropriate, in general conformance with the 16-division format of the Construction Specifications Institute.
2. Provide technical criteria, written descriptions, and design data for OWNER's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design of the Project and assist OWNER in consultations with appropriate authorities.
3. Advise OWNER of any adjustments to the opinion of probable Construction Cost and any adjustments to Total Project Costs known to ENGINEER, itemized as provided in paragraph A1.01.A.5.
4. Perform or provide the following additional Final Design Phase tasks or deliverables:

EXHIBIT "B"

5. Prepare and furnish Bidding Documents for review and approval by OWNER, its legal counsel, and other advisors, as appropriate, and assist OWNER in the preparation of other related documents.

6. Submit N/A final copies of the Bidding Documents and a revised opinion of probable Construction Cost to OWNER within N/A days after authorization to proceed with this phase.

B. In the event that the Work designed or specified by ENGINEER is to be performed or furnished under more than one prime contract, or if ENGINEER's services are to be separately sequenced with the work of one or more prime Contractors (such as in the case of fast-tracking), OWNER and ENGINEER shall, prior to commencement of the Final Design Phase, develop a schedule for performance of ENGINEER's services during the Final Design, Bidding or Negotiating, Construction, and Post-Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to Exhibit A whether or not the work under such contracts is to proceed concurrently.

C. The number of prime contracts for Work designed or specified by ENGINEER upon which the ENGINEER's compensation has been established under this Agreement is N/A.

D. ENGINEER's services under the Final Design Phase will be considered complete on the date when the submittals required by paragraph A1.03.A.6 have been delivered to OWNER.

A1.04 Bidding or Negotiating Phase

A. After acceptance by OWNER of the Bidding Documents and the most recent opinion of probable Construction Cost as determined in the Final Design Phase, and upon written authorization by OWNER to proceed, ENGINEER shall:

1. Assist OWNER in advertising for and obtaining bids or negotiating proposals for the Work and, where applicable, maintain a record of prospective bidders to whom Bidding Documents have been issued, attend pre-Bid conferences, if any, and receive and process Contractor deposits or charges for the Bidding Documents.

2. Issue Addenda as appropriate to clarify, correct, or change the Bidding Documents.

3. Consult with OWNER as to the acceptability of subcontractors, suppliers, and other individuals and entities proposed by Contractor for those portions of the Work as to which such acceptability is required by the Bidding Documents.

4. Perform or provide the following additional Bidding or Negotiating Phase tasks or deliverables:

5. Attend the Bid opening, prepare Bid tabulation sheets, and assist OWNER in evaluating Bids or proposals and in assembling and awarding contracts for the Work.

B. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective Contractors (except as may be required if Exhibit F is a part of this Agreement).

A1.05 Construction Phase

A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from OWNER, ENGINEER shall:

1. *General Administration of Construction Contract.* Consult with OWNER and act as OWNER's representative as provided in the General Conditions. The extent and limitations of the duties, responsibilities and authority of ENGINEER as assigned in said General Conditions shall not be modified, except as ENGINEER may otherwise agree

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in writing. All of OWNER's instructions to Contractor will be issued through ENGINEER, who shall have authority to act on behalf of OWNER in dealings with Contractor to the extent provided in this Agreement and said General Conditions except as otherwise provided in writing.

2. *Resident Project Representative (RPR)*. Provide the services of an RPR at the Site to assist the ENGINEER and to provide more extensive observation of Contractor's work. Duties, responsibilities, and authority of the RPR are as set forth in Exhibit D. The furnishing of such RPR's services will not extend ENGINEER's responsibilities or authority beyond the specific limits set forth elsewhere in this Agreement.

3. *Selecting Independent Testing Laboratory*. Assist OWNER in the selection of an independent testing laboratory to perform the services identified in paragraph .B2.01.0

4. *Pre-Construction Conference*. Participate in a Pre-Construction Conference prior to commencement of Work at the Site.

5. *Baselines and Benchmarks*. As appropriate, establish baselines and benchmarks for locating the Work which in ENGINEER's judgment are necessary to enable Contractor to proceed.

6. *Visits to Site and Observation of Construction*. In connection with observations of Contractor's work in progress while it is in progress:

a. Make visits to the Site at intervals appropriate to the various stages of construction, as ENGINEER deems necessary, in order to observe as an experienced and qualified design professional the progress and quality of the Work. Such visits and observations by ENGINEER, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of Contractor's work in progress or to involve detailed inspections of Contractor's work in progress beyond the responsibilities specifically assigned to ENGINEER in this Agreement and the Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on ENGINEER's exercise of professional judgment as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and such observations, ENGINEER will determine in general if Contractor's work is proceeding in accordance with the Contract Documents, and ENGINEER shall keep OWNER informed of the progress of the Work.

b. The purpose of ENGINEER's visits to, and representation by the Resident Project Representative, if any, at the Site, will be to enable ENGINEER to better carry out the duties and responsibilities assigned to and undertaken by ENGINEER during the Construction Phase, and, in addition, by the exercise of ENGINEER's efforts as an experienced and qualified design professional, to provide for OWNER a greater degree of confidence that the completed Work will conform in general to the Contract Documents and that the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents has been implemented and preserved by Contractor. ENGINEER shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over Contractor's work, nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to Contractor's work, or for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work. Accordingly, ENGINEER neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform its work in accordance with the Contract Documents.

7. *Defective Work*. Recommend to OWNER that Contractor's work be disapproved and rejected while it is in progress if, on the basis of such observations, ENGINEER believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.

8. *Clarifications and Interpretations; Field Orders*. Issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of Contractor's work. Such clarifications and

EXHIBIT "B"

interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. ENGINEER may issue Field Orders authorizing minor variations from the requirements of the Contract Documents.

9. *Change Orders and Work Change Directives.* Recommend Change Orders and Work Change Directives to OWNER, as appropriate, and prepare Change Orders and Work Change Directives as required.

10. *Shop Drawings and Samples.* Review and approve or take other appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto. ENGINEER has an obligation to meet any Contractor's submittal schedule that has earlier been acceptable to ENGINEER.

11. *Substitutes and "or-equal."* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of paragraph A2.02.A.2 of this Exhibit A.

12. *Inspections and Tests.* Require such special inspections or tests of Contractor's work as deemed reasonably necessary, and receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Contract Documents. ENGINEER's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Contract Documents. ENGINEER shall be entitled to rely on the results of such tests.

13. *Disagreements between OWNER and Contractor.* Render formal written decisions on all claims of OWNER and Contractor relating to the acceptability of Contractor's work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of Contractor's work. In rendering such decisions, ENGINEER shall be fair and not show partiality to OWNER or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.

14. *Applications for Payment.* Based on ENGINEER's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:

a. Determine the amounts that ENGINEER recommends Contractor be paid. Such recommendations of payment will be in writing and will constitute ENGINEER's representation to OWNER, based on such observations and review, that, to the best of ENGINEER's knowledge, information and belief, Contractor's work has progressed to the point indicated, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is ENGINEER's responsibility to observe Contractor's work. In the case of unit price work, ENGINEER's recommendations of payment will include final determinations of quantities and classifications of Contractor's work (subject to any subsequent adjustments allowed by the Contract Documents). The responsibilities of ENGINEER contained in paragraph A1.05.A.6.a are expressly subject to the limitations set forth in paragraph A1.05.A.6.b and other express or general limitations in this Agreement and elsewhere.

b. By recommending any payment, ENGINEER shall not thereby be deemed to have represented that observations made by ENGINEER to check the quality or quantity of Contractor's work as it is performed and furnished have been exhaustive, extended to every aspect of Contractor's work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to ENGINEER in this Agreement and the Contract Documents. Neither ENGINEER's review of Contractor's work for the purposes of recommending payments nor ENGINEER's recommendation of any payment including final payment will impose on ENGINEER responsibility to supervise, direct, or control Contractor's work in progress or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or

EXHIBIT "B"

Contractor's compliance with Laws and Regulations applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on ENGINEER to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any portion of the work in progress, materials, or equipment has passed to OWNER free and clear of any liens, claims, security interests, or encumbrances, or that there may not be other matters at issue between OWNER and Contractor that might affect the amount that should be paid.

15. *Contractor's Completion Documents.*

a. Receive and review maintenance and operating instructions, schedules, and guarantees.

b. Receive bonds, certificates, or other evidence of insurance not previously submitted and required by the Contract Documents, certificates of inspection, tests and approvals, Shop Drawings, Samples and other data approved as provided under paragraph A1.05.A.10, and the annotated record documents which are to be assembled by Contractor in accordance with the Contract Documents to obtain final payment. The extent of such ENGINEER's review will be limited as provided in paragraph A1.05.A.10.

c. ENGINEER shall transmit these documents to OWNER.

16. *Substantial Completion.* Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with OWNER and Contractor, conduct an inspection to determine if the Work is Substantially Complete. If after considering any objections of OWNER, ENGINEER considers the Work Substantially Complete, ENGINEER shall deliver a certificate of Substantial Completion to OWNER and Contractor.

17. *Additional Tasks.* Perform or provide the following additional Construction Phase tasks or deliverables:

18. *Final Notice of Acceptability of the Work.* Conduct a final inspection to determine if the completed Work of Contractor is acceptable so that ENGINEER may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, ENGINEER shall also provide a notice in the form attached hereto as Exhibit E (the "Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of paragraph A1.05.A.14.b) to the best of ENGINEER's knowledge, information, and belief and based on the extent of the services provided by ENGINEER under this Agreement.

B. *Duration of Construction Phase.* The Construction Phase will commence with the execution of the first Construction Agreement for the Project or any part thereof and will terminate upon written recommendation by ENGINEER for final payment to Contractors. If the Project involves more than one prime contract as indicated in paragraph A1.03.C, Construction Phase services may be rendered at different times in respect to the separate contracts.

C. *Limitation of Responsibilities.* ENGINEER shall not be responsible for the acts or omissions of any Contractor, or of any of their subcontractors, suppliers, or of any other individual or entity performing or furnishing any of the Work. ENGINEER shall not be responsible for failure of any Contractor to perform or furnish the Work in accordance with the Contract Documents.

A1.06 *Post-Construction Phase*

A. Upon written authorization from OWNER, ENGINEER, during the Post-Construction Phase, shall:

1. Provide assistance in connection with the testing and adjusting of Project equipment or systems.

2. Assist OWNER in training OWNER's staff to operate and maintain Project, equipment, and systems.

3. Assist OWNER in developing procedures for control of the operation and maintenance of, and record keeping for Project equipment and systems.

EXHIBIT "B"

4. Together with OWNER, visit the Project to observe any apparent defects in the Work, assist OWNER in consultations and discussions with Contractor concerning correction of any such defects, and make recommendations as to replacement or correction of Defective Work, if present.

5. Perform or provide the following additional Post-Construction Phase tasks or deliverables:

6. In company with OWNER or OWNER's representative, provide an inspection of the Project within one month before the end of the Correction Period to ascertain whether any portion of the Work is subject to correction.

B. The Post-Construction Phase services may commence during the Construction Phase and, if not otherwise modified in this Exhibit A, will terminate at the end of the Correction Period.

PART 2 -- ADDITIONAL SERVICES

A2.01 Additional Services Requiring OWNER's Authorization in Advance

A. If authorized in writing by OWNER, ENGINEER shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by OWNER as indicated in Article 4 of the Agreement.

1. Preparation of applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans or advances in connection with the Project; preparation or review of environmental assessments and impact statements; review and evaluation of the effects on the design requirements for the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.

2. Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by OWNER.

3. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by ENGINEER or its design requirements including, but not limited to, changes in size, complexity, OWNER's schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Contract Documents when such revisions are required by changes in Laws and Regulations enacted subsequent to the Effective Date of this Agreement or are due to any other causes beyond ENGINEER's control.

4. Services resulting from OWNER's request to evaluate additional Study and Report Phase alternative solutions beyond those identified in paragraph A1.01.A.4.

5. Services required as a result of OWNER's providing incomplete or incorrect Project information with respect to Exhibit B.

6. Providing renderings or models for OWNER's use.

7. Undertaking investigations and studies including, but not limited to, detailed consideration of operations, maintenance, and overhead expenses; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules, and appraisals; assistance in obtaining financing for the Project; evaluating processes available for licensing, and assisting OWNER in obtaining process licensing; detailed quantity surveys of materials, equipment, and labor; and audits or inventories required in connection with construction performed by OWNER.

8. Furnishing services of ENGINEER's Consultants for other than Basic Services.

9. Services attributable to more prime construction contracts than specified in paragraph A1.03.C.

EXHIBIT "B"

10. Services during out-of-town travel required of ENGINEER other than for visits to the Site or OWNER's office.
11. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructibility review requested by OWNER; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other Bidding Documents as a result of such review processes.
12. Preparing additional Bidding Documents or Contract Documents for alternate bids or prices requested by OWNER for the Work or a portion thereof.
13. Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents.
14. Assistance in connection with Bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services, except when such assistance is required by Exhibit F.
15. Providing construction surveys and staking to enable Contractor to perform its work other than as required under paragraph A1.05.A.5, and any type of property surveys or related engineering services needed for the transfer of interests in real property; and providing other special field surveys.
16. Providing Construction Phase services beyond the Contract Times set forth in Exhibit C.
17. Providing assistance in resolving any Hazardous Environmental Condition in compliance with current Laws and Regulations.
18. Preparing and furnishing to OWNER Record Drawings showing appropriate record information based on Project annotated record documents received from Contractor.
19. Preparation of operation and maintenance manuals.
20. Preparing to serve or serving as a consultant or witness for OWNER in any litigation, arbitration or other dispute resolution process related to the Project.
21. Providing more extensive services required to enable ENGINEER to issue notices or certifications requested by OWNER under paragraph 6.01.G of the Agreement.
22. Other services performed or furnished by ENGINEER not otherwise provided for in this Agreement.

A2.02 Required Additional Services

A. ENGINEER shall perform or furnish, without requesting or receiving specific advance authorization from OWNER, the Additional Services of the types listed below. ENGINEER shall advise OWNER in writing promptly after starting any such Additional Services.

1. Services in connection with Work Change Directives and Change Orders to reflect changes requested by OWNER so as to make the compensation commensurate with the extent of the Additional Services rendered.
2. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or-equal" items; and services after the award of the Construction Agreement in evaluating and determining the acceptability of a substitution which is found to be inappropriate for the Project or an excessive number of substitutions.

3. Services resulting from significant delays, changes, or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages. EXHIBIT "B"

4. Additional or extended services during construction made necessary by (1) emergencies or acts of God endangering the Work, (2) an occurrence of a Hazardous Environmental Condition, (3) Work damaged by fire or other cause during construction, (4) a significant amount of defective, neglected, or delayed work by Contractor, (5) acceleration of the progress schedule involving services beyond normal working hours, or (6) default by Contractor.

5. Services (other than Basic Services during the Post-Construction Phase) in connection with any partial utilization of any part of the Work by OWNER prior to Substantial Completion.

6. Evaluating an unreasonable claim or an excessive number of claims submitted by Contractor or others in connection with the Work.

SUGGESTED FORMAT
(for use with 1910-1, 1996 Edition)

This is EXHIBIT B, consisting of 3 pages, referred to in and part of the Agreement between OWNER and ENGINEER for Professional Services dated _____.

Initial:
OWNER _____
ENGINEER _____

OWNER's Responsibilities

Article 2 of the Agreement is amended and supplemented to include the following agreement of the parties.

82.01 In addition to other responsibilities of OWNER as set forth in this Agreement, OWNER shall:

A. Provide ENGINEER with all criteria and full information as to OWNER's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the Drawings and Specifications; and furnish copies of OWNER's standard forms, conditions, and related documents for ENGINEER to include in the Bidding Documents, when applicable.

B. Furnish to ENGINEER any other available information pertinent to the Project including reports and data relative to previous designs, or investigation at or adjacent to the Site.

C. Following ENGINEER's assessment of initially-available Project information and data and upon ENGINEER's request, furnish or otherwise make available such additional Project related information and data as is reasonably required to enable ENGINEER to complete its Basic and Additional Services. Such additional information or data would generally include the following:

1. Property descriptions.

2. Zoning, deed, and other land use restrictions.

3. Property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points.

4. Explorations and tests of subsurface conditions at or contiguous to the Site, drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site, or hydrographic surveys, with appropriate professional interpretation thereof.

5. Environmental assessments, audits, investigations and impact statements, and other relevant environmental or cultural studies as to the Project, the Site, and adjacent areas.

6. Data or consultations as required for the Project but not otherwise identified in the Agreement or the Exhibits thereto.

D. Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of a Hazardous Environmental Condition or of any other development that affects the scope or time of performance of ENGINEER's services, or any defect or nonconformance in ENGINEER's services or in the work of any Contractor.

E. Authorize ENGINEER to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement as required.

EXHIBIT "B"

F. Arrange for safe access to and make all provisions for ENGINEER to enter upon public and private property as required for ENGINEER to perform services under the Agreement.

G. Examine all alternate solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by ENGINEER (including obtaining advice of an attorney, insurance counselor, and other advisors or consultants as OWNER deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.

H. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by ENGINEER and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.

I. Provide, as required for the Project:

1. Accounting, bond and financial advisory, independent cost estimating, and insurance counseling services.
2. Legal services with regard to issues pertaining to the Project as OWNER requires, Contractor raises, or ENGINEER reasonably requests.
3. Such auditing services as OWNER requires to ascertain how or for what purpose Contractor has used the moneys paid.
4. Placement and payment for advertisement for Bids in appropriate publications.

J. Advise ENGINEER of the identity and scope of services of any independent consultants employed by OWNER to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructibility review.

K. Furnish to ENGINEER data as to OWNER's anticipated costs for services to be provided by others for OWNER so that ENGINEER may make the necessary calculations to develop and periodically adjust ENGINEER's opinion of Total Project Costs.

L. If OWNER designates a construction manager or an individual or entity other than, or in addition to, ENGINEER to represent OWNER at the Site, define and set forth as an attachment to this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of ENGINEER.

M. If more than one prime contract is to be awarded for the Work designed or specified by ENGINEER, designate a person or entity to have authority and responsibility for coordinating the activities among the various prime Contractors, and define and set forth the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of ENGINEER as an attachment to this Exhibit B that is to be mutually agreed upon and made a part of this Agreement before such services begin.

N. Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings, and Substantial Completion and final payment inspections.

O. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of Samples, materials, and equipment required by the Contract Documents, or to evaluate the performance of materials, equipment, and facilities of OWNER, prior to their incorporation into the Work with appropriate professional interpretation thereof.

P. Provide inspection or monitoring services by an individual or entity other than ENGINEER (and disclose the identity of such individual or entity to ENGINEER) as OWNER determines necessary to verify:

1. That Contractor is complying with any Laws and Regulations applicable to Contractor's performing and furnishing the Work.

2. That Contractor is taking all necessary precautions for safety of persons or property and complying with any special provisions of the Contract Documents applicable to safety.

Q. Provide ENGINEER with the findings and reports generated by the entities providing services pursuant to paragraphs B2.01.O and P.

R. Perform or provide the following additional services:

SUGGESTED FORMAT
(for use with 1910-1, 1996 Edition)

This is EXHIBIT C, consisting of 3 pages, referred to in and part of the Agreement between OWNER and ENGINEER for Professional Services dated _____.

Initial:
OWNER _____
ENGINEER _____

Payments to ENGINEER for Services and Reimbursable Expenses

Article 4 of the Agreement is amended and supplemented to include the following agreement of the parties:

ARTICLE 4 -- PAYMENTS TO THE ENGINEER

C4.01 *For Basic Services Having A Determined Scope -- Lump Sum Method of Payment*

A. OWNER shall pay ENGINEER for Basic Services set forth in Exhibit A, except for services of ENGINEER's Resident Project Representative and Post-Construction Phase services, if any, as follows:

1. A Lump Sum amount of \$ 10,000.00 based on the following assumed distribution of compensation:

- a. Study and Report Phase \$ _____
- b. Preliminary Design Phase \$ _____
- c. Final Design Phase \$ _____
- d. Bidding and Negotiating Phase \$ 8,000
- e. Construction Phase \$ 2,000

2. ENGINEER may alter the distribution of compensation between individual phases noted herein to be consistent with services actually rendered, but shall not exceed the total Lump Sum amount unless approved in writing by the OWNER.

3. The Lump Sum includes compensation for ENGINEER's services and services of ENGINEER's Consultants, if any. Appropriate amounts have been incorporated in the Lump Sum to account for labor, overhead, profit, and Reimbursable Expenses.

4. The portion of the Lump Sum amount billed for ENGINEER's services will be based upon ENGINEER's estimate of the proportion of the total services actually completed during the billing period to the Lump Sum.

5. The Lump Sum is conditioned on Contract Times to complete the Work not exceeding 6

months. Should the Contract Times to complete the Work be extended beyond this period, the total compensation to ENGINEER shall be appropriately adjusted.

6. If more prime contracts are awarded for Work designed or specified by ENGINEER for this Project than identified in Exhibit A, the ENGINEER shall be compensated an additional amount equal to \$ N/A for all Basic Services for each prime contract added.

EXHIBIT "B"

SUGGESTED FORMAT
(for use with 1910-1, 1996 Edition)

02 For Basic Services Having An Undetermined Scope -- Direct Labor Costs Times a Factor Method of Payment

A. OWNER shall pay ENGINEER for:

1. Resident Project Representative Services.

For services of ENGINEER's Resident Project Representative, if any, under paragraph A1.05.A.2.a of Exhibit A of the Agreement, an amount equal to ENGINEER's Direct Labor Costs times a Factor of 2.75 for the services of ENGINEER's employees engaged directly in resident Project representation, plus Reimbursable Expenses and ENGINEER's Consultant's charges, if any. The total compensation under this paragraph will not exceed \$ 3,000.00, based upon Contract Times as set forth in paragraph C4.01.

2. Post-Construction Phase Services. For Post-Construction Phase services under paragraph A1.06 of Exhibit A, an amount equal to the ENGINEER's Direct Labor Costs times a Factor of N/A for the services of ENGINEER's employees engaged directly on the Project, plus Reimbursable Expenses and ENGINEER's Consultant's charges, if any in the Post-Construction Phase. The total compensation under this paragraph is estimated to be \$ N/A.

C4.03 For Additional Services

A. OWNER shall pay ENGINEER for Additional Services as follows:

1. General. For services of ENGINEER's employees engaged directly on the Project pursuant to paragraph A2.01 or A2.02 of Exhibit A of the Agreement, except for services as a consultant or witness under paragraph A2.01.A.20, an amount equal to ENGINEER's Direct Labor Costs times a Factor of 2.75, plus Reimbursable Expenses and ENGINEER's Consultant's charges, if any.

2. Serving as a Witness. For services performed by ENGINEER's employees as witnesses giving testimony in any litigation, arbitration or other legal or administrative proceeding under paragraph A2.01.A.20, at the rate of \$ 750.00 per day or any

portion thereof (but compensation for time spent in preparing to testify in any such litigation, arbitration or proceeding will be on the basis provided in paragraph C4.03.A.1). Compensation for ENGINEER's Consultants for such services will be on the basis provided in paragraph C4.05.

C4.04 For Reimbursable Expenses

A. When not included in compensation for Basic Services under paragraph C4.01, OWNER shall pay ENGINEER for Reimbursable Expenses as the rate set forth in Appendix 1 of this Exhibit C.

B. Reimbursable Expenses include the following categories: transportation and subsistence incidental thereto; obtaining bids or proposals from Contractor(s); providing and maintaining field office facilities including furnishings and utilities; subsistence and transportation of Resident Project Representative and their assistants; toll telephone calls and telegrams; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items in addition to those required under Exhibit A, and, if authorized in advance by OWNER, overtime work requiring higher than regular rates. In addition, if authorized in advance by OWNER, Reimbursable Expenses will also include expenses incurred for computer time and the use of other highly specialized equipment.

C. The amounts payable to ENGINEER for Reimbursable Expenses will be the Project-related internal expenses actually incurred or allocated by ENGINEER, plus all invoiced external Reimbursable Expenses allocable to the Project, the latter multiplied by a Factor of 1.25.

D. The Reimbursable Expenses Schedule will be adjusted annually (as of N/A) to reflect equitable changes in the compensation payable to ENGINEER.

C4.05 For ENGINEER's Consultant's Charges

A. Whenever compensation to ENGINEER herein is stated to include charges of ENGINEER's Consultants, those charges shall be the amounts billed by ENGINEER's Consultants to ENGINEER times a Factor of 1.25.

EXHIBIT "B"

C4.06 *Direct Labor Costs*

A. Direct Labor Costs means salaries and wages paid to ENGINEER's employees but does not include payroll related costs or benefits.

B. The Direct Labor Costs and the Factor applied to Direct Labor Costs will be adjusted annually (as of N/A) to reflect equitable changes in compensation payable to ENGINEER.

4.07 *Factors*

A. The Direct Labor Costs Factor includes the cost of customary and statutory benefits including, but not limited to, social security contributions, unemployment, excise and payroll taxes, workers' compensation, health and retirement benefits, bonuses, sick leave, vacation, and holiday pay applicable thereto; the cost of general and administrative overhead, which includes salaries and wages of principals and employees engaged in business operations not directly chargeable to projects, plus non-Project operating costs, including but not limited to, business taxes, legal, rent, utilities, office supplies, insurance, and other operating costs; plus operating margin or profit.

B. External Reimbursable Expenses and ENGINEER's Consultant's Factors include ENGINEER's overhead and profit associated with ENGINEER's responsibility for the administration of such services and costs.

C4.08 *Other Provisions Concerning Payment*

A. *Progress Payments.* The portion of the amounts billed for ENGINEER's services which are identified in paragraphs C4.02 and C4.03, will be based on the Direct Labor Costs for the cumulative hours charged to the Project during the billing period by all of ENGINEER's employees, times the Applicable Direct Labor Costs Factor, plus Reimbursable Expenses and ENGINEER's Consultant's charges, if any.

B. *Extended Contract Times.* Should the Contract Times to complete the Work be extended beyond the period identified in paragraph C4.01, payment for ENGINEER's services on the basis of the Direct Labor Costs Times a Factor Method of Payment shall be continued.

C. *Estimated Compensation Amounts.*

1. ENGINEER's estimate of the amounts that will become payable for Basic Services are only

estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to ENGINEER under the Agreement.

2. When estimated compensation amounts have been stated herein and it subsequently becomes apparent to ENGINEER that a compensation amount thus estimated will be exceeded, ENGINEER shall give OWNER written notice thereof. Promptly thereafter OWNER and ENGINEER shall review the matter of services remaining to be performed and compensation for such services. OWNER shall either agree to such compensation exceeding said estimated amount or OWNER and ENGINEER shall agree to a reduction in the remaining services to be rendered by ENGINEER, so that total compensation for such services will not exceed said estimated amount when such services are completed. If ENGINEER exceeds the estimated amount before OWNER and ENGINEER have agreed to an increase in the compensation due ENGINEER or a reduction in the remaining services, the ENGINEER shall be paid for all services rendered hereunder.

EXHIBIT "B"

EXHIBIT D

STANDARD HUD CONTRACTUAL REQUIREMENTS

1. Audit and Inspection of Records - The CONSULTANT shall permit the authorized representatives of the OWNER, the U.S. Department of Housing and Urban Development and the Comptroller General of the United States to inspect and audit all data and records of the CONSULTANT relating to his performance under the contract.
2. Interest of Members of or Delegates to Congress - No member of or delegate to the Congress of the United States shall be admitted to any share of part of this contract or to any benefit arising therefrom.
3. Prohibited Interest - No member, officer, or employee of the Public Body or of a local public body during his tenure or one year thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof.
4. Equal Employment Opportunity - In connection with the execution of this contract, the CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin. The CONSULTANT shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment without regard to their race, religion, color, sex or national origin. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff, or termination; rates of pay, or other forms of compensation; and selection for training, including apprenticeship.
5. Minority Business Enterprise - In connection with the performance of this contract, the CONSULTANT will cooperate with the project sponsor in meeting his commitments and goals with regard to the maximum utilization of minority business enterprises and will use its best efforts to ensure that minority business enterprises shall have maximum practicable opportunity to compete for subcontract work under this contract.
6. Nothing in this contract shall be construed as obligating the CONSULTANT to appear in litigation or prepare for such in behalf of the OWNER except in consideration of additional compensation.

EXHIBIT "B"

7. This contract may be amended or terminated by written agreement of both parties. No oral representations by employees of the CONSULTANT shall affect or modify any of the terms or obligations contained in this contract and none of the provisions of this agreement shall be held to be waived or modified by reason of any act whatsoever except as mutually agreed in writing.
8. To the greatest extent feasible, the CONSULTANT shall provide opportunities for training and employment to low income residents of the project area; and shall award contracts for work in connection with the project to eligible business concerns, in or owned in substantial part by, persons residing in the area of the project.

EXHIBIT "B"

EXHIBIT B TO AGREEMENT BETWEEN OWNER AND
ENGINEER FOR PROFESSIONAL SERVICES, dated
_____, 19__ (for use with No. 1910-1, 1984 Edition).

**A LISTING OF THE DUTIES, RESPONSIBILITIES AND
LIMITATIONS OF AUTHORITY OF THE RESIDENT PROJECT REPRESENTATIVE.**

This is an Exhibit attached to, made a part of and incorporated by reference with the Agreement made on 01/Q3
19 95, between CITY OF PETAL AND SHOWS, DEARMAN & WAITS, INC. (OWNER) and (ENGINEER)
providing for professional engineering services.

ENGINEER shall furnish a Resident Project Representative (RPR), assistants and other field staff to assist ENGINEER in observing performance of the work of Contractor.

Through more extensive on-site observations of the work in progress and field checks of materials and equipment by the RPR and assistants, ENGINEER shall endeavor to provide further protection for OWNER against defects and deficiencies in the work of CONTRACTOR; but, the furnishing of such services will not make ENGINEER responsible for or give ENGINEER control over construction means, methods, techniques, sequences or procedures or for safety precautions or programs, or responsibility for CONTRACTOR's failure to perform the Work in accordance with the Contract Documents and in particular the specific limitations set forth in paragraph 1.6 of the Agreement are applicable.

The duties and responsibilities of the RPR are limited to those of ENGINEER in ENGINEER's agreement with the OWNER and in the construction Contract Documents, and are further limited and described as follows:

A. General

RPR is ENGINEER's agent at the site, will act as directed by and under the supervision of ENGINEER, and will confer with ENGINEER regarding RPR's actions. RPR's dealings in matters pertaining to the on-site work shall in general be with ENGINEER and CONTRACTOR keeping OWNER advised as necessary. RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of CONTRACTOR. RPR shall generally communicate with OWNER with the knowledge of and under the direction of ENGINEER.

B. Duties and Responsibilities of RPR

1. *Schedules:* Review the progress schedule, schedule of Shop Drawing submittals and schedule of values prepared by CONTRACTOR and consult with ENGINEER concerning acceptability.
2. *Conferences and Meetings:* Attend meetings with CONTRACTOR, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.
3. *Liaison:*
 - a. Serve as ENGINEER's liaison with CONTRACTOR, working principally through CONTRACTOR's superintendent and assist in understanding the intent of the Contract Documents; and assist ENGINEER in serving as OWNER's liaison with CONTRACTOR when CONTRACTOR's operations affect OWNER's on-site operations.
 - b. Assist in obtaining from OWNER additional details or information, when required for proper execution of the Work.
4. *Shop Drawings and Samples:*
 - a. Record date of receipt of Shop Drawings and samples.
 - b. Receive samples which are furnished at the site by CONTRACTOR, and notify ENGINEER of availability of samples for examination.
 - c. Advise ENGINEER and CONTRACTOR of the commencement of any Work requiring a Shop Drawing or sample if the submittal has not been approved by ENGINEER.
5. *Review of Work, Rejection of Defective Work, Inspections and Tests:*
 - a. Conduct on-site observations of the Work in progress to assist ENGINEER in determining if the Work is in general proceeding in accordance with the Contract Documents.
 - b. Report to ENGINEER whenever RPR believes that any Work is unsatisfactory, faulty or defective or does not conform to the Contract Documents, or has been damaged, or does not meet the requirements

EXHIBIT "B"

- of any inspection, test or approval required to be made; and advise ENGINEER of Work that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.
- c. Verify that tests, equipment and systems startups and operating and maintenance training are conducted in the presence of appropriate personnel, and that CONTRACTOR maintains adequate records thereof; and observe, record and report to ENGINEER appropriate details relative to the test procedures and startups.
 - d. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Project, record the results of these inspections and report to ENGINEER.
6. *Interpretation of Contract Documents:* Report to ENGINEER when clarifications and interpretations of the Contract Documents are needed and transmit to CONTRACTOR clarifications and interpretations as issued by ENGINEER.
 7. *Modifications:* Consider and evaluate CONTRACTOR's suggestions for modifications in Drawings or Specifications and report with RPR's recommendations to ENGINEER. Transmit to CONTRACTOR decisions as issued by ENGINEER.
 8. *Records:*
 - a. Maintain at the job site orderly files for correspondence, reports of job conferences, Shop Drawings and samples, reproductions of original Contract Documents including all Work Directive Changes, Addenda, Change Orders, Field Orders, additional Drawings issued subsequent to the execution of the Contract, ENGINEER's clarifications and interpretations of the Contract Documents, progress reports, and other Project related documents.
 - b. Keep a diary or log book, recording CONTRACTOR hours on the job site, weather conditions, data relative to questions of Work Directive Changes, Change Orders or changed conditions, list of job site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to ENGINEER.
 - c. Record names, addresses and telephone numbers of all CONTRACTORS, subcontractors and major suppliers of materials and equipment.
 9. *Reports:*
 - a. Furnish ENGINEER periodic reports as required of progress of the Work and of CONTRACTOR's compliance with the progress schedule and schedule of Shop Drawing and sample submittals.
 - b. Consult with ENGINEER in advance of scheduled major tests, inspections or start of important phases of the Work.
 - c. Draft proposed Change Orders and Work Directive Changes, obtaining backup material from CONTRACTOR and recommend to ENGINEER Change Orders, Work Directive Changes, and Field Orders.
 - d. Report immediately to ENGINEER and OWNER upon the occurrence of any accident.
 10. *Payment Requests:* Review applications for payment with CONTRACTOR for compliance with the established procedure for their submission and forward with recommendations to ENGINEER, noting particularly the relationship of the payment requested to the schedule of values, Work completed and materials and equipment delivered at the site but not incorporated in the Work.
 11. *Certificates, Maintenance and Operation Manuals:* During the course of the Work, verify that certificates, maintenance and operation manuals and other data required to be assembled and furnished by CONTRACTOR are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to ENGINEER for review and forwarding to OWNER prior to final payment for the Work.
 12. *Completion:*
 - a. Before ENGINEER issues a Certificate of Substantial Completion, submit to CONTRACTOR a list of observed items requiring completion or correction.
 - b. Conduct final inspection in the company of ENGINEER, OWNER, and CONTRACTOR and prepare a final list of items to be completed or corrected.
 - c. Observe that all items on final list have been completed or corrected and make recommendations to ENGINEER concerning acceptance.

EXHIBIT "B"

C. Limitations of Authority

Resident Project Representative:

1. Shall not authorize any deviation from the Contract Documents or substitution of materials or equipment, unless authorized by ENGINEER.
2. Shall not exceed limitations of ENGINEER's authority as set forth in the Agreement or the Contract Documents.
3. Shall not undertake any of the responsibilities of CONTRACTOR, subcontractors or CONTRACTOR's superintendent.
4. Shall not advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of construction unless such advice or directions are specifically required by the Contract Documents.
5. Shall not advise on, issue directions regarding or assume control over safety precautions and programs in connection with the Work.
6. Shall not accept Shop Drawing or sample submittals from anyone other than CONTRACTOR.
7. Shall not authorize OWNER to occupy the Project in whole or in part.
8. Shall not participate in specialized field or laboratory tests or inspections conducted by others except as specifically authorized by ENGINEER.

EXHIBIT "B"

C. Limitations of Authority

Resident Project Representative:

1. Shall not authorize any deviation from the Contract Documents or substitution of materials or equipment, unless authorized by ENGINEER.
2. Shall not exceed limitations of ENGINEER's authority as set forth in the Agreement or the Contract Documents.
3. Shall not undertake any of the responsibilities of CONTRACTOR, subcontractors or CONTRACTOR's superintendent.
4. Shall not advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of construction unless such advice or directions are specifically required by the Contract Documents.
5. Shall not advise on, issue directions regarding or assume control over safety precautions and programs in connection with the Work.
6. Shall not accept Shop Drawing or sample submittals from anyone other than CONTRACTOR.
7. Shall not authorize OWNER to occupy the Project in whole or in part.
8. Shall not participate in specialized field or laboratory tests or inspections conducted by others except specifically authorized by ENGINEER.

EXHIBIT "C"

MEMORANDUM OF UNDERSTANDING

The Institute for Wellness & Sports Medicine agrees to provide a qualified aerobics instructor to lead a low-intensity aerobics class designed for the senior population. This class will be held Monday, Wednesday, and Friday, from 9:00 a.m. until 10:00 a.m. at the Petal Community Center. Customary holidays will be observed with ample prior notice of class cancellation. The Institute for Wellness & Sports Medicine will bill the City of Petal on a monthly basis at a rate of \$15 per class.

GROUND LEASE

FOR AND IN CONSIDERATION of the mutual promises, covenants, and conditions set forth herein the undersigned Martha McKenzie Hamilton, ,does hereby agree to let, demise, and lease the following described real property to the City of Petal, Mississippi, the legal description of which is as follows:

SI 11/11/98
SI 11/11/98

BEG 630 FT W NEC NE 1/4 SE 1/4 W 395 FT S 295 FT W 295 FT TO RD SELY ALG RD 956 FT TO CENTER CORINTH RD NELY ALG RD 440 FT N 1026 FT TO BEG S .0367.05N R 13 W FORREST COUNTY, MISSISSIPPI LESS AND EXCEPT THE 4.466 ACRES DEEDED TO THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION

TERM: The term of this Lease is for one year beginning January 1, 1999.

ANNUAL RENTAL: The rental payment required to be paid by the City of Petal, Lessee, to Martha Hamilton, Lessor, is the sum of Seven Hundred (\$700.00) per year, to be paid on or before January 1, 1999, and on a like date for any renewals or extensions thereof.

RENEWALS OR EXTENSIONS: Lessee, City of Petal, is hereby granted an option to renew this Lease on an annual basis, by giving to the Lessor, notice of thirty (30) days prior to the termination of any yearly term advising of its intention to renew the Lease.

CANCELLATION: Lessor, Martha McKenzie Hamilton, reserves the right to cancel the lease at any time during its original term or renewal term, by giving to the Lessee City of Petal, thirty (30) days written notice. Annual rentals on a prorate basis.

IMPROVEMENTS: Lessee, the City of Petal, has the right to construct on the leased premises any improvements, and to remove any improvement or structures from the leased premises upon the termination or cancellation of this Lease.

INDEMNITY: During the term of the original rental, and any subsequent renewals, the City of Petal, Mississippi, as occupier of the premises, will assume liability for the use and occupancy of said premises.

EXHIBIT "D"

WITNESS THE SIGNATURES OF THE PARTIES ON THIS, THE

19th DAY OF January A.D., 1999.

Martha McKenzie Hamilton
MARTHA MCKENZIE HAMILTON
LESSOR

Jack Gay
JACK GAY
MAYOR CITY OF PETAL
LESSEE

ATTEST:

Priscilla C. Daniel
Priscilla C. Daniel
City Clerk

STATE OF MISSISSIPPI

COUNTY OF FORREST

Personally came and appeared before me, the undersigned authority, in and for the state and county aforesaid, Martha McKenzie Hamilton, who stated that she executed and delivered the above and foregoing instruments as her free and voluntary act and deed, on the day and date therein set forth.

THIS, the 19th day of January,
A.D., 1999.

Ava Clickett
NOTARY PUBLIC

My Commission Expires:

MY COMMISSION EXPIRES AUGUST 13, 2002

35450

STATE OF MISSISSIPPI
FORREST COUNTY
I CERTIFY THIS INSTRUMENT
WAS FILED AND RECORDED

1999 JAN 22 P 2:52

IN REC. BK. AND PAGE OR U.C.C.
FILE NO. AS SHOWN
WITNESS MY HAND AND SEAL

Jimmy C. Howard
CLERK

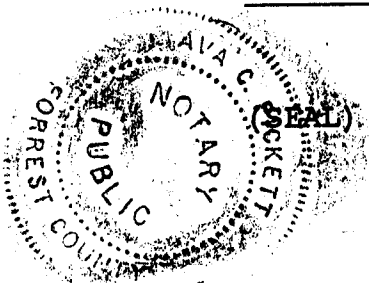


EXHIBIT "E"

WHEREAS, in 1872 Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees, and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and

WHEREAS, trees are a valuable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products, and

WHEREAS, trees in our City increase property values, enhance the economic vitality of business areas and beautify our community, and

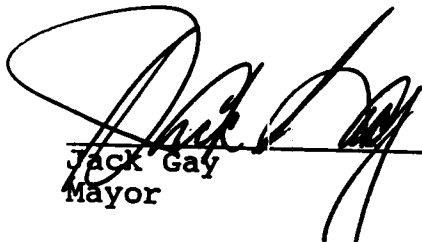
WHEREAS, trees, wherever they are planted are a source of joy and spiritual renewal, and

WHEREAS, Petal desires to continue its tree planting ways,

NOW, THEREFORE, the Board of Aldermen and I, Jack Gay, Mayor of the city of Petal, Mississippi, do hereby proclaim February 12th, 1999 as

ARBOR DAY

in the city of Petal, and urge all citizens to support efforts to protect our trees and woodlands and to support our City's Urban Forestry Program.



Jack Gay
Mayor